Saturday Night

Canada's Magazine of Business and Contemporary Affairs

JANUARY 4TH 1958 20 CENTS

Civil Defence Mess: Will We Be Fiddling When The Bombs Fall?

BY GORDON DONALDSON

Partnership Problems For Canada And U.S.

BY MAXWELL COHEN

New Surgery Repairs The Heart

BY MARY LOWREY ROSS

Business In 1958: Signs To Watch For

BY J. R. PETRIE

© Ashley & Crippen

Peacemaking to Politicking: "Mike" Pearson: Page 14

Unretouched photo of Mrs. Michyl Paul's hands. Only lower hand was given Jergens care.
PROOF: JERGENS LOTION STOPS "DETERGENT HANDS"
The proof's in this photo!
It's unretouched — so you can see with your own eyes what a difference Jergens Lotion makes!
It worked for 447 women!
In a "scientific test", women soaked both hands in a household detergent three times a day, but only the right hands were treated with Jergens Lotion. In a few days, the untreated left hands were rough and red. The right hands, treated with Jergens, were smooth, white, and lovely.
Works because it penetrates!
Jergens doesn't just "glove" hands with a greasy film, but penetrates deep down. That's why Jergens had the best results of all lotions tested. Stops chapping, weather damage.
Lovely to use, too!
Rich and creamy to the touch . . . instantly absorbed without a trace of stickiness. No wonder Jergens Lotion is the most-used hand care in the whole world! And it still costs only 15¢ to $1.15.
*Conducted by leading United States research laboratory.
Jergens
(Made in Canada)

"Canadian magazines are held in the hands we want to reach"

Jergens Lotion has held its enviable position at the top of the market for many years. J. S. Benson, General Manager of Andrew Jergens Co. Ltd., tells how it got there. Indeed, his knowing appraisal of advertising values explains, in part, why it *stays* there:

"Magazines have always been our principal advertising medium. We value them because they are literally *held in the hands we want to reach.*

"When a magazine reader sees our advertisement—Jergens Lotion stops 'Detergent Hands'—she will glance at her own hands as she reads. She will make up her mind to replenish her stock of Jergens Lotion. Her own hands have become a part of our advertisement.

"Magazines also give us a unique opportunity to dramatize our story in color. We can show untreated hands—'Rough and red' and Jergens-treated hands—'smooth, soft and white'.

"The picture tells the story—A TRUE STORY—and the proven quality of Jergens Lotion does the rest."

J. S. Benson

Canadian magazine advertising sells in many ways; as a regular visitor to the home, with something new and vital to say each time it comes; as a companion for those quiet, receptive moments . . . when most decisions to buy are made; as a valued yet unobtrusive friend, to be picked up at will . . . read and enjoyed at leisure.

So more and more people are reading their Canadian magazines. Circulations are up, and so are sales of magazine advertisers' products. Magazine advertising pays.

This advertisement sponsored by

Canadian Home Journal
Canadian Homes & Gardens
Chatelaine
Health
La Revue Populaire
Le Samedi
Liberty
Maclean's Magazine
Saturday Night
Western Homes & Living

THE MAGAZINE ADVERTISING BUREAU OF CANADA

21, Dundas Square, Toronto

January 4, 1958

Saturday Night

VOL. 73, NO. 1 ESTABLISHED 1887 WHOLE NO. 3304

Features:

What to Look For in 1958 Business
by J. R. Petrie, 7

Shocking Mess in Civil Defence
by Gordon Donaldson, 8

Canada—U.S. Partnership Problems
by Maxwell Cohen, 12

Pearson: Peacemaking to Politicking
by John A. Stevenson, 14

Departments:

Letters, 2
Ottawa Letter, 4
Travel, 16
Lively Arts, 25
Gold & Dross, 28
Insurance, 33
Editorials, 40

Editorial Board: J. A. Irving, E. J. Pratt
Editor: Robert Marjoribanks
Managing Editor: Herbert McManus
Business Editor: R. M. Baiden
Assistant Editor: Paul Nowack
Art Director: Alan Mercer

Contributing Editors: Maxwell Cohen (Foreign Affairs), Jim Coleman, Robertson Davies, Paul Duval, Max Freedman (Washington), Hugh Garner, Gwyn Kinsey (Editorial Page), Hugh MacLennan (Montreal), Beverley Nichols (London), Mary Lowrey Ross, John A. Stevenson (Ottawa), Anthony West (New York).
Subscription Prices: Canada $4.00 one year; $6.00 two years; $8.00 three years; $10.00 four years. Commonwealth countries and U.S.A. $5.00 per year; all others $6.00. Newsstand and single issues 20¢. Authorized as second class mail. Post Office Department, Ottawa. Published and printed by Consolidated Press Limited, 1517 Mountain St., Montreal, Canada. Editorial and Advertising Offices, 73 Richmond St. W., Toronto 1, Canada.

Chairman of the Board, Nelson A. Hyland; President and Publisher Jack Kent Cooke; Vice-Presidents, Hal E. Cooke, Neil M. Watt, E. R. Milling; General Manager, Gordon Rumgay; Assistant Comptroller, George Colvin; Secretary, William Zimmerman, Q.C., Circulation Manager, Arthur Phillips.

Director of Advertising: Donald R. Shepherd. Representatives: New York, Donald Cooke, Inc., 331 Madison Ave.; Los Angeles, Lee F. O'Connell Co., 111 North La Cienega Blvd., Beverly Hills, Cal.; San Francisco, Lee F. O'Connell Co., Suite 515, 110 Sutter St.; London, Eng., Dennis W. Mayes Ltd., 69 Fleet Street, E.C. 4.

PICTURE CREDITS: Cover, Ashley & Crippen; Page 4, Star Newspaper Service; Page 7, National Film Board; Pages 8, 9, Press News Ltd., Toronto Telegram; Pages 10, 11, Christopher Press, Gilbert Milne, Toronto General Hospital; Pages 12, 13, Wide World, "Fednews"; Pages 14, 15, © Karsh, Ottawa, Star Newspaper Service, Wide World; Pages 16, 17, Canadian Government Travel Bureau; Page 18, National Film Board; Page 22, Courtesy Edwin C. Guillet; Page 23, Hodder & Stoughton; Page 24, Ryerson; Page 25, M.G.M., Warner Bros.; Page 26, R.C.A. Victor, Mercury; Page 34, Canadian Government Travel Bureau; Page 35, Toronto General Hospital.

J. R. Petrie

J. R. Petrie, a Montreal consulting economist, analyzes business prospects for 1958 in this issue. His conclusion: there is no prospect of a national calamity but the time has come for a little healthy skepticism towards our booming economy which many people seem to assume will continue for ever. Dr. Petrie is a governor of Sir George Williams College, Montreal, a director of the National Federation of Financial Analysts, New York City, and a fellow of the Royal Economic Society of London.

John A. Stevenson

John A. Stevenson, SATURDAY NIGHT's Ottawa correspondent has drawn on his long political experience for an assessment of Lester B. "Mike" Pearson, Nobel prize winner and candidate for Liberal leadership, in this issue's cover story. Mr. Stevenson sees Mr. Pearson's task to prove to his party that the talents that have won him renown in international politics will also serve him in rough-and-tumble domestic politicking. Mr. Stevenson feels the former External Affairs Minister has made a good start in proving his case.

Gordon Donaldson

Gordon Donaldson served with the British Army and Foreign Office and later with the Kemsley Newspapers in London before coming to *The Telegram* in Toronto. He is a "graduate" of the Civil Defence Staff College at Arnprior and once spent a week-end sealed in a "bomb" shelter on the steps of Toronto's City Hall. His story of Canada's continued fiddling with the Civil Defence problem, on Page 8, is a shocking one.

We're mighty undistinguished in Acapulco

No packaging exposition ever gave Golden Velvet an award, or even a second glance. It isn't gift wrapped, frip frapped or even fancily corked. With a whisky like Golden Velvet on the inside and a name like Gilbey's on the outside, a bottle doesn't need any trimmings. Besides who drinks bottles?

The plainness of Golden Velvet's packaging is matched only by the vagueness of its advertising. We can't tell you to dash down to your liquor store for a bottle, because someone may have beaten you to the last one on the shelf. The shortage of supply is likely to be an embarrassment to us for nearly another ten years (the time it takes to mature this elixir). All we can do is suggest you keep asking. We know you'll like Golden Velvet. People who can tell the difference between a good whisky and a fancy bottle always do.

By the way, here's the label:

Letters

Militia and CD

What a sad story Colonel Buchner has to tell in your last issue. The whole history of Canada shows that the Militia has always (and in my opinion always will be) her first line of defence. What bone-headed Permanent Force officer (or ex-PF) has dreamed up this last series of insults to citizen-soldiers? Let's hope there is some revised thinking before it is too late.

HAMILTON — JAMES SUTHERLAND

I refer to your article on Civil Defence and the Militia. This policy is the first piece of supreme idiocy perpetrated by a Tory Government. Let Diefenbaker and his pals remember that the Militia exercises a political strength and opinion far in excess of its numbers. And that, after all, he is only clinging to power by the skin of his teeth. It's time for some fast, new moves at Ottawa.

BROCKVILLE — JOHN G. BAKER

. . . heads of oak. Not even the heart is in the right place in Ottawa these days.

CORNWALL — RONALD BAIN

Car Crashes

I am glad to see your intelligent attempt to beat a few brains into car drivers. Dr. Brown's lecture in your last issue was an able one. But I am convinced that a grip on a steering wheel causes automatic damage to both mind and morals. Cracking down—and the resulting fear of it—will be the only remedy if lives are to be saved.

OTTAWA — DAVID HENDERSON

. . . the nerve of you eggheads. Who do you think ever heard of physics these days? Young drivers never have and the older ones have forgotten all about it. Our simple faith is that everything necessary—including survival—is built into the motor car.

PORT HOPE — WILLIAM BRENNAN

Where does my old friend the pedestrian come in if you motorists are going to go screaming about, bouncing off walls, skidding sidewise and taking to the hills?

BRAMPTON — P. R. LOMAX

Georgian Art

If the British 18th century masters were "tradesmen who knew their place" what can we say of their subjects? What greasy smugness, what self-satisfaction and glutonous hypocrisy. A boozy, bloated lot. Truly art illumines life.

AURORA — VICTOR BLOOM

. . . I think Painter Hogarth's Pug is the best looking one on the page even if he may not have been quite as respectable.

BRANDON — DONALD JONES

Thanks for your lovely display of Georgian Art. Such excellent reproduction is next best to seeing the pictures themselves. I can tell you that as a result of your display many residents of this city are making trips to Toronto to see the exhibition in January.

WINDSOR — EMILE DESJARDINS

. . . I am glad to see scholarly treatment of Art back in your pages. It is quite in the tradition of SATURDAY NIGHT and I wish you would give us more of it.

LONDON — MORRIS WILLIAMS

One or 'Tother

In connection with your Editorial "Progress" I had a rather interesting experience recently. Being unable to go home for lunch, I dropped into a hotel and ordered a sandwich and a glass of beer.

The management told me that I could not have a glass of beer in the dining room; that I could have a bottle. I didn't want a bottle of beer, and I had to go to the beverage room to get a glass of draft beer. Fortunately I was allowed to eat my sandwich in the beverage room, but I don't like to eat in a beverage room, and I don't see why when a bottle of beer can be served in a dining room, a glass of beer cannot be served.

I agree in the absurdity of our liquor law which is imposed upon people who take a drink by probably 15% of the population of the Province who are fanatic non drinkers.

COBOURG — J. C. M. GERMAN

Belated Critic

Coincidently with seeing a note in your magazine about the filming of "The Sun Also Rises" I happened to read the book. It is the first of Mr. Hemingway's I have read.

Gelded by a war wound, Jake Barnes, ever aware of the completeness and permanence of his disability, yearns with a mighty and alcoholic longing for sexual intimacy with the heroine. Lady Brett Ashley, with a mightier and more alcoholic longing for the same thing, drowns her

frustrated passion in strong wine and buries it between the sheets of whatever male is conveniently handy.

The incidental characters and excursions serve to divert the reader while Lady Ashley enjoys a two-week bedroom holiday in Budapest with Cohn, a Jewish graduate of Princeton ridden by an inferiority complex, or an over-night romp with a repulsive synthetic Russian Count, or sundry nights (and weeks) with a drunken lout Mike Campbell, who hopes eventually to marry the lady. The culmination, of course, occurs on the lady's customary work bench where she seduces a nineteen year old Spanish bull fighter.

While there is justification for dirt when it is a necessary part of the plot, there is no excuse for a book such as this, which seems to be mostly filth for its own sake.

ST. JOHN'S, NFLD. CYRIL L. PARKINS

Fares to Bermuda

Your attention is drawn to a statement on the travel page of your issue of November 23rd. It is stated that "Fares by BOAC are slightly higher" to Bermuda.

This statement is definitely incorrect and misleading. Fares from New York to Bermuda by BOAC are in accordance with those agreed by the International Air Transport Association and as filed with the pertinent Government authorities.

I would be grateful if you will arrange publication of this letter in order that your readers may be correctly informed on this point.

MONTREAL G. S. McDOUGALL,
Manager, Canada
British Overseas Airways Corporation

Forrester in Vancouver

The article by Hugh Thompson, about Maureen Forrester, was a well deserved tribute to one of the world's finest singers, and one of whom Canadians can indeed be proud.

In your account of Miss Forrester's musical activities, there was omitted the fine performances she gave in Vancouver of Brahm's "Alto Rhapsody" and Elgar's "Dream of Gerontius", both with the Vancouver Bach Choir. The "Dream of Gerontius" was presented twice, the second performance as part of the Elgar centenary on CBC Wednesday Night.

Miss Forrester has been engaged for the Vancouver Music Festival in 1958 as soloist in the "Alto Rhapsody" under Dr. Bruno Walter, and with Lois Marshall, George London and Jon Vickers in two performances of Verdi's "Requiem", conducted by William Steinberg, the Vancouver Bach choir and the University of BC choir uniting for this.

VANCOUVER ROBERT F. PARK

Who will look after Anna... where will she go?

This is Anna, aged 3½. She and her mother have known only loneliness and endless despair. Her parents, driven from their native Latvia met in a forced labor camp in Germany. Here, Anna was born. Broken in health and spirit, Anna's father died in anguish for his loved ones. With little more hope than at the beginning, and in spite of utter misery, Anna and her mother fled into the Western Zone, driven by a fierce longing for home and roots. Home has been a DP barracks, cold, bare and damp. To them all is lost. There is no chance to emigrate. The young mother now has TB . . . Who will look after Anna . . . where will she go? There are thousands of children like Anna. For them war's end has brought no respite from hunger, cold and terror. Your help can mean hope and security . . . the chance to live in a free world in peace and love. The Plan is dedicated to peace in one world where our children will have to live with these children. We need your help to help them!

You, alone, or as a member of a group, can help these children by becoming a Foster Parent. You will be sent the case history and photograph of "your" child upon receipt of application with initial payment. "Your" child is told that you are his or her Foster Parent. All correspondence is through our office, and is translated and encouraged. We do no mass relief. Each child, treated as an individual, receives food, clothing, shelter, education and medical care according to his or her needs.

The Plan is a non-political, non-profit, non-sectarian, independent relief organization, helping children in Greece, France, Belgium, Italy, Western Germany, Viet Nam, and Korea. International headquarters is in New York. Financial statements are filed with the Montreal Department of Social Welfare and the Toronto Board of Trade. Full information is available to any competent authority. Your help is vital to a child struggling for life. Won't you let some child love you?

All contributions deductible for Income Tax purposes.

Foster Parents' Plan, inc.

PARTIAL LIST OF SPONSORS AND FOSTER PARENTS

Honorable and Mrs. Hugh John Flemming, N.B.
Honorable and Mrs. George Hees, Toronto, Ont.
Dr. R. P. Baird, Kitchener, Ont.
Mr. & Mrs. Peter D. Curry, Winnipeg, Man.
Mrs. L. B. Cutler, Vancouver, B.C.
Rev. Dr. E. R. Fairweather, M.A., Toronto, Ont.
Anna Freud
J. Q. Maunsell, Q.C., Montreal, Que.
Kiwanis Club, Peterborough, Ont.
Dr. & Mrs. John M. Olds, Twillingate, Nfld.

FOSTER PARENTS PLAN, INC., DEPT. SN-1-458
P.O. Box 65, Station "B", Montreal, Que., Canada.

A. I wish to become a Foster Parent of a needy child for one year.
If possible, sex .....
I will pay $15. a month for one year ($180.00). Payments will be made quarterly ( ), yearly ( ), monthly ( ).
I enclose herewith my first payment $.....

B. I cannot "adopt" a child, but I would like to help a child by contributing $.....

Name.....
Address.....
City..... Prov.....
Date..... *Contributions are deductible from Income Tax.*

Ottawa Letter

by John A. Stevenson

Tory Tempers Frayed

ALL HOPE that this session of Parliament could be wound up by the end of the year were obliterated when the Prime Minister tabled a motion for the abolition of closure which was bound to produce a long controversial debate. This move is in conformity with Mr. Diefenbaker's zeal for the fulfilment of all the pledges which he made during the last election, but it is also evidence of his carefree attitude towards traditional policies of his own party.

Closure was introduced by the Conservative Ministry of Sir Robert Borden in 1911 to frustrate the obstructive tactics of the Liberal opposition in a bitter debate on naval policy and it was denounced by the Liberals with bell, book and candle as a violation of Parliament's rights of free discussion. So in the coming debate on closure the spokesmen of both the senior parties will have their style cramped by the arguments adduced by their predecessors for and against closure and will have to prove that changed circumstances have made them invalid.

But the two minor parties, the CCF and Social Credit, which did not exist in 1911 will be free from this handicap and they will be able to get a lot of fun out of the dilemma of the older parties. The expectation is that all the three parties in opposition will protest violently that a single abuse of closure is no justification for the abolition of what has proved a useful parliamentary device for the acceleration of Parliament's business but they will not try to defeat the motion and give the Government an excuse for a dissolution. They will tell the Government that it can wipe out closure if it likes, but that the day may come when it will rue its abolition.

The three senior members of the Cabinet, Messrs. Diefenbaker, Fleming and Green seem to forget that the ministry of which they are the bellwethers is in a minority in the House of Commons and only polled about 39% of the popular vote in the last election. It was only during the second Ministry of Mr. St. Laurent that certain leaders of the Liberal party became habitually contemptuous of the rights of Parliament and they were encouraged in their disdain by the folly of the Canadian voters in giving them an overwhelming majority in both Houses of Parliament. While they were in opposition the Prime Minister and Messrs. Fleming and Green all denounced in vehement language the autocratic despotism of Liberal Ministries and their arrogant disregard of the rights of the Opposition and swore solemnly to restore in full vigor the traditional processes of our system of parliamentary democracy. But now in their first year of office, they are manifesting a dangerous disposition to resent the application of the normal procedures of Parliament, which may prove inconvenient for their plans and to treat their political opponents with a high hand.

It is the duty of Mr. Michener, who is proving the best Speaker that the House

Mr. Speaker Michener: Best in years.

of Commons has had for many years, to decide whether written questions submitted by members are admissible to the daily order paper and if he feels that they are frivolous or otherwise ineligible can reject them. But the Prime Minister's irritation over some bothersome queries by members in opposition led him to complain bitterly that since this session began there had been a deplorable waste of Parliament's time, which he had taken the trouble to calculate at more than 32 hours, through a persistent spate of frivolous and futile questions from the Opposition benches. This complaint was a direct reflection upon the good judgment of the Speaker and Mr. Michener with an admirable courage proceeded to administer to the Prime Minister a humiliating rebuke by ruling his complaint out of order.

Later, on December 13, the Government saw fit to offer a direct challenge to the authority of an officer of the House, Mr. Rea, who was acting as chairman of it in committee. Mr. Fleming protested that an amendment moved by Mr. Knowles (PC North-Centre Winnipeg) for reducing the automobile excise tax to 5% was out of order. Mr. Rea, who presumably had taken counsel with the Speaker, cited three very high authorities (May, Campion and Beauschesne), and ruled that the amendment was in order. The Government accepted this ruling and proceeded to defeat the amendment by 70 to 30. Then on the following day, a similar dispute about the propriety of an amendment of Mr. Argue (CCF-Assiniboia) for an increase of the personal exemptions from income tax resulted in Mr. Rea ruling that it, too, was in order. Mr. Green, who was leading the House, then invited the members to treat with contempt the opinions of three high authorities on parliamentary procedure by appealing against the ruling. His appeal prevailed by 72 to 70 votes, thanks to the deliberate abstention of a number of Liberals. Strangest of all was the conduct of Mr. Courtemanche, the Deputy Speaker, who after voting against the decision of Mr. Rea, his deputy, took his place and ruled another similar amendment out of order.

A Minister of Finance inasmuch as he has more parliamentary business to put through than any of his colleagues ought in his own interests to cultivate the goodwill of the Opposition but Mr. Fleming often goes out of his way to forfeit it. Lord Chesterfield told his son that "the perfection of good breeding is to be civil, with ease and in a gentlemanlike manner" but Mr. Fleming finds it hard to be "civil with ease" towards his opponents and one day his inexcusable testiness and rudeness so provoked the mild-mannered Mr. Coldwell that the CCF leader advised him to buy a book on good manners and read it. Mr. Fleming does not deserve the epithet of rascal but Dr. Johnson once observed that "any man of any education would as soon be called a rascal as accused of deficiency in the graces."

Observers of the Ottawa scene find it hard to decide whether an epidemic of swollenheadedness or mere stupidity is responsible for these unfortunate lapses of senior members of the Cabinet but they have saddened not a few of their intelligent supporters and are a bad augury for the Government's future. With the nerves of many members of the Commons frayed by the long hours which they have been working, an acrimonious atmosphere has developed and the Christmas recess came none too soon.

The triumphal progress of the Canadiar

Trade Mission through Britain has given great satisfaction to our ministers but while it undoubtedly stimulated in Britain a keener interest in the possibilities of Canada as a market for British exports it remains to be seen what practical fruit will be garnered from it. Meanwhile, various ministerial pronouncements have produced some clarification of the Government's ideas about its trade policy and have made it clear that they cannot contemplate serious consideration of Mr. Thorneycroft's proposal for the ultimate attainment of complete free trade between Britain and Canada. When it was first pronounced at Mt. Tremblant, Mr. Fleming spoke of the "formidable difficulties" in its path and later he told Parliament that the Government could not consider it until the Commonwealth Trade and Economic Conference had been held. Next he explained that Canada's policy was "to seek a diversion from the United States to Britain of purchases which Canada is now making in the United States. It was not part of that proposal to divert to Britain, purchases by Canadians of Canadian products."

Consequently, he said there was no relation between the plan for the diversion of imports and the Thorneycroft plan, which had introduced a new factor into the consideration of the scheme. On October 22nd Mr. Churchill, the Minister of Trade and Commerce, seconded Mr. Fleming's effort to allay the nervousness of our domestic manufacturers by declaring that the increase in British exports to Canada was to be wholly at the expense of American exporters and not of Canadian manufacturers.

At the conference in Washington between two quartettes of Canadian and American ministers about the economic relations of their countries, the concern which the American delegates expressed about the projected diversion of Canada's import trade evidently frightened our Ministers and created forebodings of damaging reprisals. So Mr. Fleming, as he informed the House of Commons, had to pacify the Americans by assuring them that the 15% diversion would not be attempted quickly and was only an objective. Mr. Churchill helped in this retreat by asserting that "it is not the intention to interfere with the competitive purchasing of imports from whatever source. The eventual result should be to foster rather than impede competitive purchasing."

The pronouncements of these two ministers taken together, are tantamount to a pledge not to expose the Canadian manufacturers to severer competition from Britain and they indicate clearly that for the achievement of the proposed diversion of trade to Britain, the use of tariffs, quotas and other restrictions is to be ruled out and reliance placed on voluntary actions for which the Trade Mission to Britain is designed as a stimulant.

Made by the world's first—and largest—manufacturers of duplicating equipment, GESTETNER gives fast and faultless reproduction at low cost. It combines the basic principles of fine printing with the economy of stencil reproduction, to give you duplicating at its finest. There is a GESTETNER to suit every type of job—priced to fit your budget.

We invite you to write for SPECIMENS of Gestetner work applicable to your business

GESTETNER (CANADA) LIMITED
117 KING STREET WEST · TORONTO · CANADA
With Branches in all Principal Cities

for all kinds of Sales-Promotion Printing

FOLDERS
BOOKLETS
DISPLAYS
POSTERS
CATALOGUES
BROADSIDES
DIRECT MAIL
PUBLICATIONS

call
saturday night press

71 RICHMOND ST. W., TORONTO
A Complete Advertising-Printing Service

THE ROYAL BANK OF CANADA

Condensed Annual Statement

30th November, 1957

ASSETS

Cash on hand and due from banks (including items in transit)	$ 540,240,109
Government of Canada and provincial government securities, at amortized value	672,276,365
Other securities, not exceeding market value	505,688,414
Call loans, fully secured	238,163,548
Total quick assets	$1,956,368,436
Other loans and discounts	1,431,188,052
Mortgages and hypothecs insured under N.H.A. (1954)	216,590,777
Bank premises	34,559,150
Liabilities of customers under acceptances, guarantees and letters of credit	112,413,852
Other assets	9,424,350
	$3,760,544,617

LIABILITIES

Deposits	$3,426,683,145
Acceptances, guarantees and letters of credit	112,413,852
Other liabilities	19,444,074
Total liabilities to the public	$3,558,541,071
Capital paid up	50,400,000
Rest Account	151,200,000
Undivided profits	403,546
	$3,760,544,617

STATEMENT OF UNDIVIDED PROFITS

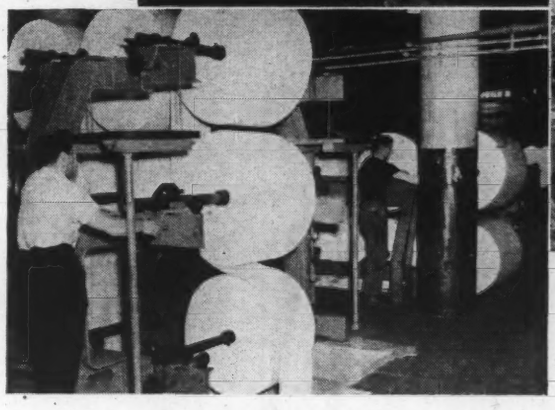
Profits for the year ended 30th November, 1957, after provision for depreciation and *income taxes and after making transfers to inner reserves out of which full provision has been made for diminution in value of investments and loans		$13,919,550
Dividends at the rate of $2.00 per share	$10,077,622	
Extra distribution at the rate of 10¢ per share	504,000	10,581,622
		$ 3,337,928
Transferred from inner reserves after provision for *income taxes exigible		11,600,000
Balance of undivided profits, 30th November, 1956		665,618
		$15,603,546
Transferred to Rest Account		15,200,000
Balance of undivided profits, 30th November, 1957		$ 403,546

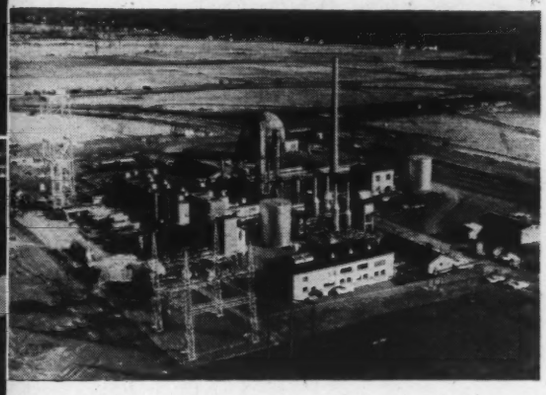
*Total provision for income taxes $19,960,000

JAMES MUIR,
Chairman and President

K. M. SEDGEWICK,
General Manager

Saturday Night





Paper products, new plants, mines to be key business areas in 1958.

Business Formula for '58:
"Healthy Skepticism"

by J. R. Petrie

I AM NOT PREDICTING calamity for the Canadian economy in 1958 nor am I one of those who view the situation with alarm. But I do feel there is a lack of healthy skepticism by management to the idea of an ever-continuing increase in business activity in this best of all possible business worlds.

The facts should be faced. Corporation profits for the most part are showing a pronounced downward drift. Labor will certainly try to increase the returns for its efforts. The elbow room for significant tax reductions within a balanced budget is narrowly restricted. The outlook for Canada's export markets is considerably less favorable than it has been in recent years, and Canada, it must be remembered is basically an export country.

The year 1958 will not, in fact, be a year of national disaster. The capital program, coupled with a continuing high level of consumer expenditure should keep almost all Canadians at work with relatively high take-home pay. But profits will be squeezed, management may be harrassed, many new problems may rear their ugly heads for business and government. It seems likely that this "rolling re-adjustment" will be more prolonged than any we have witnessed since the 1930s. It may be that no real upward change in the basic economic indicators will make itself apparent until some time in 1959.

CONTINUED ON PAGE 38

Our Civil Defence Mess

by Gordon Donaldson

Former CD Co-ordinator General F. F. Worthington, tried for years to set up evacuation schemes—in vain.

THE CHIEF CIVIL DEFENCE warden of a Toronto suburb recently refused to conduct a door-to-door survey of families to be evacuated in case of nuclear war.

"I can't send my men out to face people in their homes," he complained. "They'll ask what happens if the Russians launch a rocket at us. Hell — we don't know. . . ."

That week the civil defence chief of Metropolitan Toronto declared that a messenger boy could do his job, that the Federal government had no plan to cope with an emergency and that his headquarters had not been on speaking terms with provincial CD headquarters for six months.

These revelations failed to disturb the residents of Canada's second-largest city and prime H-bomb target. Most of them have long regarded CD as a vast bore, occasionally enlivened by hilarious incidents.

Their apathy is shared by most other Canadians. And the cry that Ottawa has muddled civil defence has been echoed by local and provincial politicians across the country.

Only Montreal knows exactly what it is doing about civil defence. Montreal is doing nothing. The city council decided three years ago it wasn't going to play CD at all.

Ottawa *has* a plan for civil defence and is spending $7 million a year to make it work.

Our chances of surviving a nuclear war are far better than those of most countries. Our cities are widely scattered, making mass evacuation possible. We have enough transport in cars and trucks alone to carry twice the population.

The Russians' first job would be to wipe out the parked American H-bombers at Strategic Air Command bases in the United States and in countries around their perimeter. So we can still hope for some warning period before an attack. It is what we do with that period that will count. With our CD organization in its present state we can do very little.

The present "national survival plan" became government policy in July, 1956. It is based on the complete evacuation of 13 "target" cities and breaks down into

four distinct stages for survival:—

A. Ottawa receives diplomatic warning that war is about to break out. The cities are told to move women, children, old people, hospitals and anyone with no need to stay — about half their population — 50 miles out into the country.

B. Enemy bombers are spotted on their way to Canada. Everybody, including the CD organization and the police, leaves the cities.

C. Bombs fall. CD teams with radiation detectors move back into the outer ring of devastation to rescue survivors. (The inner areas would be obliterated.)

D. The small towns and villages look after the evacuees. If clouds of radioactive fall-out cover an area, everyone shelters as best he can until the radioactivity fades and it is safe to come out.

This plan was drawn up before the ICBM became a reality. It was assumed the Distant Early Warning radar line in the Arctic would provide three to five hours' warning of approaching 500 m.p.h. bombers. The ICBM travels at about 18,000 m.p.h. above the reach of present radar. Any warning would come only minutes before the bang. Planner G. Creffield of the federal CD staff says it may be five years before ICBMs are in production. When this happens, CD can no longer rely on radar warnings. As there might be no warning for Evacuation, Stage B, Stage A would have to be speeded up. Since ICBMs could not be timed to hit all their targets simultaneously, Canada would still receive warning from the priority bangs south of the border.

The Ottawa government's civil defence plan is vague because it was intended only as a general guide to the provinces and cities. The CD problems of Vancouver, where all roads lead either to the mountains or the sea, differ widely from those of, say, Calgary or Winnipeg.

Municipal CD projects are paid for by the Federal government (50 per cent), the province (25 per cent) and the municipality (25 per cent). Of the $2 million set aside by Ottawa for this type of assistance last year only $646,865 was actually claimed and paid out.

The federal experts are stymied by the provinces when they attempt to help the cities. When their suggestions to the cities are too specific they have their fingers bitten by the local committees.

The biggest criticism of the federal plan itself is that it relies heavily on mass evacuation and makes little mention of shelters. An H-bomb exploded on or near the ground raises a cloud of radioactive dust which can fall several hours after the explosion, killing people in a sausage-shaped area up to 200 miles long.

Federal CD planners are against shelters in cities as these would encourage people to stay put. But shelter of some sort is the only answer to fall-out. If people will stay in screened basements—better still, in earth-covered fall-out shelters—they will be safe from the dust.

If a city-dweller has only five minutes' warning what should he do—rush out to his car or try the shelter?

No shelter can withstand a direct hit but tests have shown the most primitive trench below ground level can

CONTINUED ON PAGE 36

When the bombs fall and people take to the countryside will our authorities still be fiddling? The shocking story of confusion to date and what still can be done.

Normal rush-hours slow traffic to a crawl. Without CD program emergency evacuation could result in chaos.

Bomb shelter was erected on Toronto's City Hall steps by the Toronto Telegram *to stir up public interest in civil defence.*

New Surgery Repairs the Heart

by Mary Lowrey Ross

Once untouchable, the heart can now be repaired and patched, thanks to heart machines and low-temperature surgery which allow ten-minute operations without damage to the brain.

THE HEART HAS always been the surgeon's chief auxiliary, even in minor operations. It constantly forces oxygen through the circulatory system, and if it fails, for even four minutes, irreparable damage is done to the brain.

To most surgeons of a generation ago, the notion of interfering during operation with the heart's action, even briefly, seemed as desperate a project as tampering with the pumps when the ship is going down. (It is probably significant that even today when heart operations have become almost as general as appendectomies, the heart surgeon is usually a young man.)

The logical solution in a technological age was a heart-lung machine that would take over the duties of the heart while the operation was in progress. Dr. William Mustard of Sick Children's Hospital, Toronto, developed one of the earliest heart-lung pumps, using a freshly removed monkey's lung as an artificial lung. This pump, designed and constructed in the Banting Institute, is still regarded as one of the most reliable of its kind. Another method that is sometimes used in the so called "blue baby" operation employs the child's parent as donor and connects parent and child with plastic tubes in such a way that the parent's circulatory system takes over the function of the child's during an operation that may last up to five hours. More frequently, use is made of a standard machine supplied with matched blood from at least 20 donors. With this in operation the surgeon is free to work on valves that are congenitally malformed, or to repair with plastic patches the inner walls of the heart. The operation has now been practised for three years and has restored to normal activity hundreds of children, who, a generation ago, would have had no better prospect than an invalid life ending in early death.

Dr. Wilfred C. Bigelow did important research on low body temperatures.

One of the most daring innovations in the field of cardiac surgery was devised by Dr. Wilfred C. Bigelow and a group of fellow-researchers working in the Banting Institute and the Toronto General Hospital.

Dr. Bigelow, now in his early forties, looks a little like the romantic conception of a successful surgeon. In addition to his surgical skill and striking good looks, however, he possesses an impressive talent for practical invention. With Dr. J. C. Callaghan, for instance, he designed the Pacemaker, an electric machine capable of taking over a patient's heart action at any crisis during operation. (It was used three times in one operation, when the patient's heart stopped for three, five and 12 minutes in succession. The patient survived the operation and the twenty minute heart stoppage had no subsequent effect on the brain.)

A native of Brandon, Manitoba,

Groundhogs, being hibernating animals, were good subjects for experiments on low-body temperatures and oxygen needs.

and a medical graduate of Toronto University, Dr. Bigelow did considerable research on frostbite during World War II. His primary interest was cardiac research and on his return to the Banting Institute he began to link up the relationship between reduced body temperatures and the oxygen demands that the body makes on the heart. Working with ground-hogs, which are hibernating animals, he discovered that it was possible to reduce animal body temperatures to 40° and perform an open-heart operation on the animal without damage to the brain. From these experiments, conducted by a group of specialists whom Dr. Bigelow headed, there was evolved the hypothermic treatment which is now widely used in cardiac operation — and which incidentally made the originator the first winner of the newly established Award for International Surgery.

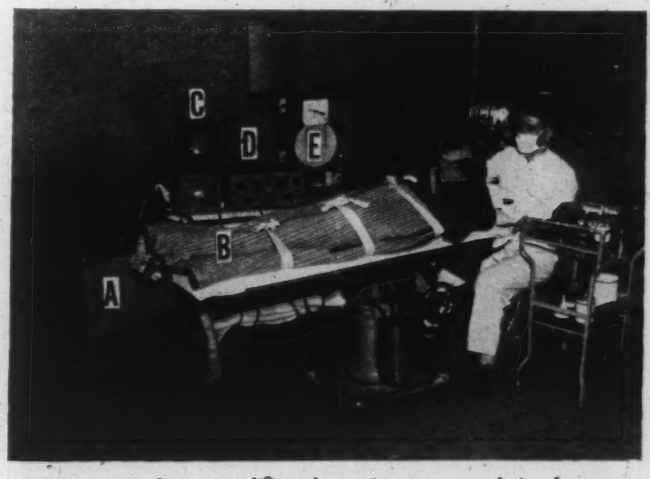
Under hypothermic treatment the surgeon can now operate on the open heart for upwards of ten minutes. Following anaesthesia, the patient is immersed in an icy bath or in blankets equipped with alcohol filled coils, and during the resulting period of suspended body animation it is possible to work directly on the scarred and damaged valves or on holes in the arterial wall, on a heart that is almost completely relaxed. Following the operation the patient recovers warmth through a diathermic machine that returns the temperature evenly and quickly back to normal.

The first operation under hypothermia was performed by Dr. Charles Bailey at Philadelphia Hahnemann Hospital. Because of air trapped in the lung the patient failed to survive. A few days later, however, Dr. Floyd Lewis of the University of Minnesota successfully performed the same operation on a five year old girl, and within ten days Dr. Bailey tried again, this time successfully. Meanwhile the Canadian group, still moving cau-

CONTINUED ON PAGE 35

Groundhog temperature can be reduced to 40 degrees without brain damage. Human limit seems to be 60.

Electronic device records pressure inside the heart during an operation. Heart feeds oxygen to the brain.



Some of the complicated equipment used in hypothermy: A, refrigerator and pump; B, cooling blankets; C, Cathode ray electrocardiogram; D, machine for cardiac resuscitation; E, continuous recording of temp.

Air marshal Slemon is deputy to U.S. joint air defence commander.

Old Glory flying beside Canadian ensign in Arctic shows intertwining of interests.

Can U.S. general Partridge order the R.C.A.F. into action in war?

Partnership Problems for

by Maxwell C

THE MYSTICAL SYMBOLS of sovereignty often disguise the real interests underlying disputes among states. Between Canada and the United States the interests of each are so intertwined with the other that the concerns of the smaller neighbor expressed through frequent declamations of independence, are reflections of insecurity in the relationship. Defence and security, agricultural products, base metals, petroleum, natural gas, boundary waters and the Columbia River, the St. Lawrence and the Arctic, the Continental Shelf, balance of payments and U.S. investments and subsidiaries, all have become awkward, or at least have begun to pose new issues for two peoples that have more in common and have a healthier tradition of dispute settlement, than do most nations. But the fact that these many matters now press for new approaches, and that our proclamations of sovereignty provide more rhetoric than solutions, indicates that our true interest lies not so much in defining the edgy limits of independence as in exploring the problems of partnership.

If Canadian-United States affairs are entering a new phase they should then be understood in some proper historical perspective. I have often thought it helpful to recognize that there have been two great periods in the evolution of this continental relationship. The first stems from the American revolution down through the 19th and into the first part of the 20th Century. This is the era when the new United States and old British North America were exploring, discovering and carving out a common continent. Here the primary objective was to determine who gets and owns what. And this exploration and initial exploitation took place in a political context where Anglo-American relations slowly matured into a lasting friendship, once the Alabama Claims had opened the way for the post-Civil War settlement of tensions between Washington and London. This was the period when disputes over boundaries were determined by arbitration and by treaty and when new approaches to a commonly exploited continent had to be imagined and undertaken. The Maine boundary, the Oregon, the Alaska, the Straits of Juan de Fuca, were all settled by the first decade of the 20th Century. Similarly with some of the conflicts over resources: the North Atlantic Fisheries, the Bering Sea, boundary and trans-boundary rivers and lakes, the Chicago diversion and Great Lakes fisheries.

Then came the next phase: the International Joint Commission, the Halibut Treaty of 1923, the Sockeye, and most recently the Pink Salmon conventions. Imperceptively the first phase with its quarrels had moved into the second with its implied partnership. For here the objective was not so much to determine who got what,

Joint defence, farm surpluses, boundary waters, balance of payments, are some of the awkward problems facing the Canada-U.S. partnership. If they are to be settled amicably, we need new forms of inter-governmental machinery with permanent staffs who will come up with creative solutions.

Canada and the U.S.

ell Cohen

but to learn the fine art of managing the great resources of the common continent. A whole series of important and interesting experiments in joint management had emerged. The Boundary Waters Treaty of 1909 set up the International Joint Commission with its unique powers to control the erection of dams or works on any boundary river, or in the case of trans-boundary streams to regulate structures would interfere with water levels at the boundary. More than 40 years of experience justifies the conclusion that the Commission has been surprisingly successful and except for the present dispute over the Columbia River it has been able to resolve most of the major problems that have come before it.

CONTINUED ON PAGE 36

Pipeline raises international problems.

U.S. farm surplus disposal program raises Canadian ire.

Metal imports are also issue.

by John A. Stevenson

Mr. Pearson has to prove he has ability to solve domestic as well as international problems and he has already made a good start on the task.

Peacemaking to Politicking

LESTER PEARSON is a national leader in our politics and an important figure in the international arena.

His critics say that he is a favored child of fortune who has won his laurels in a limited field without achieving much real progress towards his avowed goal of bringing settled peace and security to this troubled planet.

His admirers contend, that since he embarked upon a political career less than 10 years ago, he has through his own merits and services staked out a claim for the leadership of the Liberal party, which no rival can hope to defeat, and that his work as a valiant and persistent crusader for peace has won for him from a multitude of people in other countries an esteem and confidence, which no other Canadian politician has ever enjoyed.

After a creditable record of service in World War I and the acquisition of good degrees from the universities of Toronto and Oxford, Mr. Pearson was a lecturer in history in the University of Toronto from 1924 to 1928, when he decided that our expanding diplomatic service offered better scope for his abilities. He was not a particular favorite of the late Dr. O. D. Skelton, who was then head of the Department of External Affairs, because he liked his subordinates to be less self-assertive than young Mr. Pearson then was. At one time Pearson was so dissatisfied with the lowly duties assigned to him that

CONTINUED ON PAGE 38

Paul Martin, leadership rival, has backing of some Western Liberals.

Mrs. Pearson accompanied her husband to Oslo when he was awarded the Nobel prize.

Mr. Pearson poses behind the Opposition benches with Speaker Roland Michener and House of Commons page.

by John A. Stevenson

Mr. Pearson has to prove he has ability to solve domestic as well as international problems and he has already made a good start on the task.

Peacemaking to Politicking

LESTER PEARSON is a national leader in our politics and an important figure in the international arena.

His critics say that he is a favored child of fortune who has won his laurels in a limited field without achieving much real progress towards his avowed goal of bringing settled peace and security to this troubled planet.

His admirers contend, that since he embarked upon a political career less than 10 years ago, he has through his own merits and services staked out a claim for the leadership of the Liberal party, which no rival can hope to defeat, and that his work as a valiant and persistent crusader for peace has won for him from a multitude of people in other countries an esteem and confidence, which no other Canadian politician has ever enjoyed.

After a creditable record of service in World War I and the acquisition of good degrees from the universities of Toronto and Oxford, Mr. Pearson was a lecturer in history in the University of Toronto from 1924 to 1928, when he decided that our expanding diplomatic service offered better scope for his abilities. He was not a particular favorite of the late Dr. O. D. Skelton, who was then head of the Department of External Affairs, because he liked his subordinates to be less self-assertive than young Mr. Pearson then was. At one time Pearson was so dissatisfied with the lowly duties assigned to him that

CONTINUED ON PAGE 38

Paul Martin, leadership rival, has backing of some Western Liberals.

Mrs. Pearson accompanied her husband to Oslo when he was awarded the Nobel prize.

©Karsh

Mr. Pearson poses behind the Opposition benches with Speaker Roland Michener and House of Commons page.

The famous view from the top of the ski-lift at Mt. Tremblant, an area which has some of the fastest and finest downhill runs on the continent.

The sun deck at Ste. Adele Lodge, where skiers relax and other visitors can enjoy less strenuous holiday exercise.

Winter tourists near Piedmont, Que. Trips by cutter along snowy roads are part of fun.

Travel

A typical ski-lift at Gray Rocks Inn, near St. Jovite, a favorite resort.

A Laurentian

Quebec's ancient slopes provide sport and rest for growing thousands.

by Maurice

FORTY MILES NORTHWEST of Montreal are the Laurentian Mountains of Quebec, world's oldest geological formation, a region studded with lakes and rivers which in winter months provides the setting for North America's most concentrated winter vacation region.

This 2,000-square-mile region of steep inclines, gentle slopes and powder snow is a skier's rendez-vous. There is hardly a week when the luxury resorts, the lodges and the pensions aren't crowded to capacity with thousands of adventurous, happy ski-addicts.

Fast special trains for skiers roll out from Montreal over two routes to the winter playground. It is equally easy to get there by plane, by bus, or in your own car on a first-class highway kept clear of snow throughout the winter by the provincial government. This is Highway 11, a boulevarded four-laner slicing north and south

Many guests enjoy the ease of flying to Laurentians.

Healthy tans are acquired from dazzling sun and snow.

This view of the distant, rolling hills sums up some of the attractions which make Laurentian skiing tops.

Ski-Holiday

From luxury hotels to modest pensions, area caters to all tastes.

LeBlanc

A rooftop perch with view from Mont Gabriel Club.

through the heart of the Laurentian vacationland.

The whole region has expanded tremendously during the past few years. Rope and T-bar tows have been draped up every rise in the landscape. All types of inns have been built. Homes have been enlarged to make room for vacation visitors. Every little town and village tucked in the folds of these oldest of mountains caters to the snowtime excitement.

Family pensions open their doors to strangers, offering the friendly comfort of blazing hearth, really good French-Canadian cooking, and comfortable lodgings. In the famous luxury resorts there is dancing to sophisticated music in the evenings, bridge, top-rate entertainment, and food prepared in the finest European and Canadian traditions.

CONTINUED ON PAGE 34

Attractive ski shops cater to all visitors' needs.

The Building Society

A New Deal for Housing

Inflated interest rates are a big factor in the high cost of new houses. The British have an answer in co-operative banks lending only for mortgages. It could work here too.

Labor and materials are only part of what it takes to build a house. The money you borrow may cost up to half the price of your house.

by Ernest Watkins

HOUSING IS PERENNIALLY Canada's top domestic problem. The core of the problem is that the cost of buying a new house — or renting suitable apartments — is beyond the reach of most wage earners.

Central Mortgage and Housing reports the average National Housing Act home-buyer had an annual income of $5,312. He borrowed about $10,000 for his $14,000 house. The down payment was about $4,000 and the loan amortized over 25 years for a monthly payment, including principal, interest and taxes, of about $80.

In renting, the story is even rougher. In metropolitan areas, a three-room apartment rents for upwards of $80 a month, a two-bedroom apartment for around $100 and a three-bedroom house for at least $120.

By contrast, the average industrial wage runs about $3,500 a year — about $295 a month.

The question, then, is how to provide more new housing where it is needed. Recent moves by the Diefenbaker administration have made more money available for housing and more housing starts have been recorded. But this is little more than a token gesture. What is needed is a new approach to mortgage money. We need to make mortgage money plentiful and cheap. There is a way to do it.

Look at it this way. Under the most favorable terms — a 20-year mortgage with a 5% interest rate — a borrower pays out in interest, month by month, about half as much as the total of the principal he repays. Up the rate to 7% and, on the average mortgage, he will pay about $10 a month more.

Assuming that it is desirable to encourage people, especially young people, to save for and buy their own homes, the question is what should the government do to aid them?

(The size of this question, in dollar terms, is pointed up by the brief of CMHA to the Gordon Commission. The brief forecasts construction of 2,770,000 houses during the next 25 years. With a $10,000 advance for each house, the tab comes to $27,700,000 million, or $1,108 milion a year.)

CONTINUED ON PAGE 34

Puzzler

by J. A. H. Hunter

PETER'S FATHER is a keen philatelist, and the boy shows signs of going the same way. He was quite excited when he got back from school yesterday. "See what I bought from one of the kids," he told his father, putting three stamps on the table. He pointed to a Cape triangle. "I got that for less than fifty cents, but the other two cost me more than half a dollar each."

His father examined the specimens. "Not bad," he commented. "But you'd have done better to make an offer for the three as one lot."

Peter shook his head. "Not with Tom. I guess I did better beating him down cent by cent on each."

"What did you pay?" his father asked, interested in one of the stamps for his own collection.

But Peter wasn't giving a straight answer to that question. "If you multiply together the three differences between the prices," he replied, "you get what I paid altogether."

His father rather lost interest after that. But what did Peter pay? (65)

Answer on Page 40

Chess

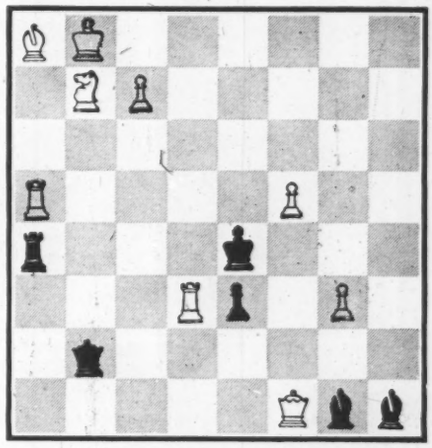
by D. M. LeDain

UNTIL A CENTURY ago most problems resembled game-positions. Violent action compounded with sacrifices provided interest in the solutions, usually four or more moves long. A two-mover was a rarity because of the difficulty in avoiding obviousness. The trend since has been towards expansion of ideas with utmost economy of setting. The intense pursuit of these ideals led to the discovery that much could be done even in two moves to baffle the solver. The balance of power upset was inevitable, so that the problem and the game are now two different arts. The game, the prose of chess, with problems its poetry and containing that element of "fine excess" which John Keats considered an essential quality of good poetry.

A copy of "Hints on Solving Two-Move Chess Problems" may be obtained on request, enclosing a stamped self-addressed envelope.

Solution of Problem No. 182 (Shinkman). Key, 1.P-R3. If 1 . . ., BxKP; 2.R-Q1ch, KxR; 3.R-Kt1 mate. Or, 2 . . ., BxR; 3.Kt-Q3 mate.

Problem No. 183, by A. Ellerman. White mates in two. (9+6)



Make a Fresh Start

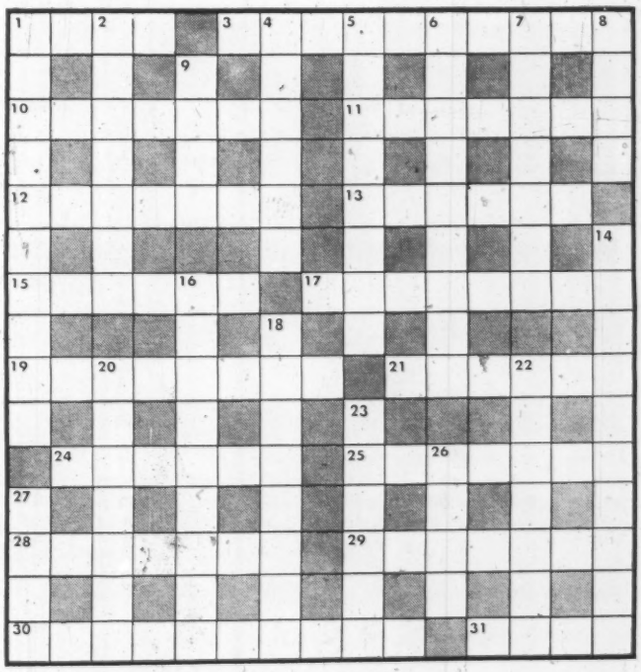
by Louis and Dorothy Crerar

ACROSS

1 Far or near, it's still far to us. (4)
3 One who mounts it shows guilt, no lie! (10)
10 Some make novel customers. (7)
11 He let the cakes burn to nothing in Italy. (7)
12 All fish but the tail. (7)
13 These sides face on a back street. (6)
15 It's fun wrapping parcels, but something inside will show, if you do. (6)
17 A goat one found wandering around a zoological region. (8).
19 No doubt G.B.S. got a kick out of this trifle. (8)
21 Herb is shy about taking sop. (6)
24 Hears 1A briefly. (6)
25 Open for hash at lunch. (7)
28 If it's tit for tat, this is tittled. (7)
29 Bore a striking resemblance, no doubt. (7)
30 In which, perhaps, truants are sometimes found. (10)
31 Lily of the operatic field. (4)

DOWN

1 Why was the ground rent so much? (10)
2 No deep thoughts needed for this. Who-all's got it? (7)
4 Sets up and knocks down. (6)
5 It's game to jump back. (4-4)
6 Jimmy Durante's noted for this kind of organ. (9)
7 This makes one tire in a different way. (7)
8 Sounds as though this school has been swallowed up. (4)
9 Dressing without one might not be to everyone's taste. (4)
14 They cast a glow over hell. (10)
16 A U.S.A. trail in the country? Far from it! (9)
18 A date turnover, perhaps. (8)
20 Is one who does, on the make? (7)
22 Get an upset stomach from a trumpeter, so called, (7)
23 For a change he is driven to take a holiday. (6)
26 When the rosy wreath was sent, by one who would "not ask for wine." (4)
27 This ring is rousing. (4)



Solution to last puzzle

ACROSS

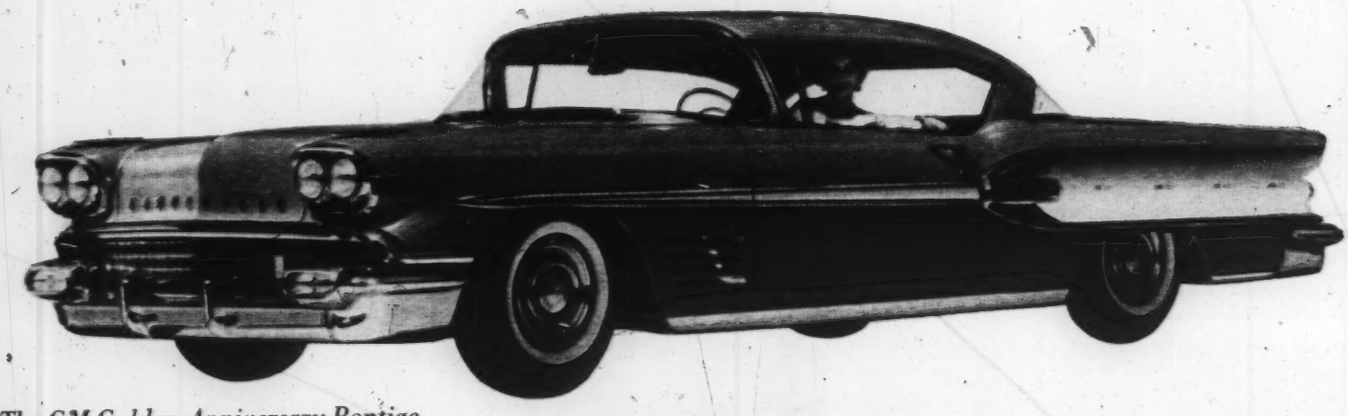
1, 2 Victoria Cross
5, 18 Auntie Mame
10 Closets
11 Astolat
12 Residence
13, 14 Light years
16 Acme
18 See 5
20 Pump
21 Hewn
22 Ashen
25 Acted
26 Professor
28 Ironing
29 Apostle
30 Tights
31 Pin-money

DOWN

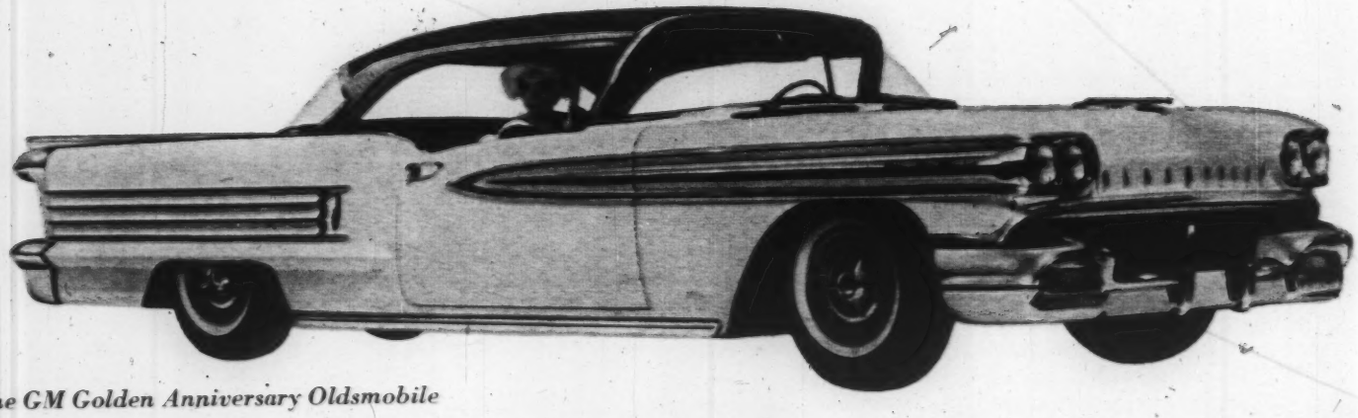
1 Viceroy
2 See 1A
3 Overdose
4 Insinuate
6 Untold
7 Telegraph
8 Entitle
9 Gape
15 Armstrong
17 Mantovani
19 Tapeworm
20 Pianist
23 Nursery
24 Addict
26 Page
27 Satin (432)

GENERAL MOTORS

The GM Golden Anniversary Chevrolet



The GM Golden Anniversary Pontiac



The GM Golden Anniversary Oldsmobile

GOLDEN FIVE for '58

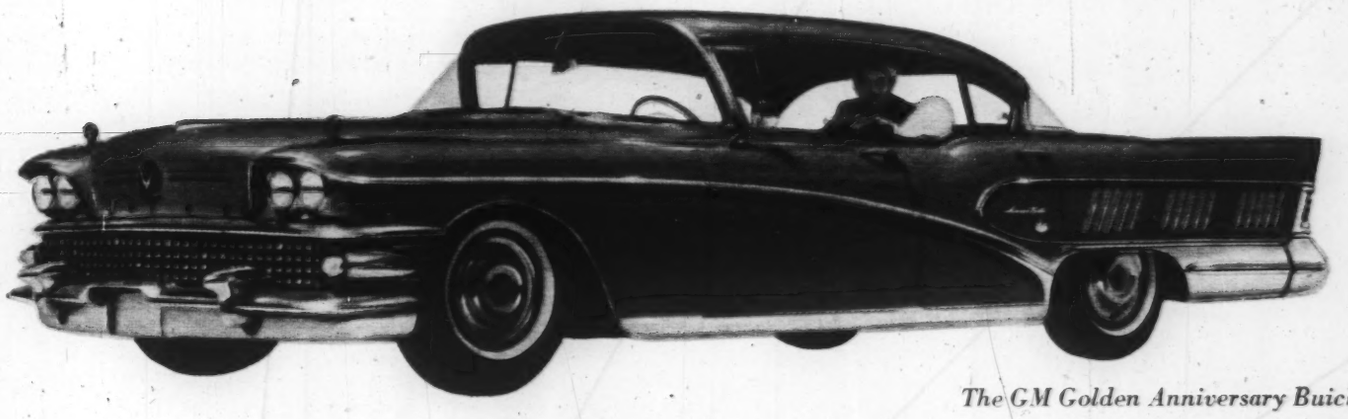
PRESENTED HERE for Canadian motorists are typical offerings of the five GM car lines for 1958. They celebrate the fiftieth year of General Motors. They are automobiles that—to be worthy of this event—were dedicated to surpass their own traditions.

And while each maintains its own personality, all five cars benefit—as does the public—from the combined ingenuity of their own engineering staffs and the styling, research, development and testing resources of General Motors.

From the General Motors Technical Centre comes a steady flow of advanced engineering and design developments—basic betterments in transmissions and engines—new ideas in comfort and safety features—new concepts in styling and appointments.

It is this General Motors leadership which has created such outstanding quality and value in the cars now ready for your inspection in the showrooms of GM dealers.

They offer you, we believe, the widest selection and the most satisfying motoring to be found today.



The GM Golden Anniversary Buick

The GM Golden Anniversary Cadillac

1908 GM 1958

FROM THE PROGRESS OF THE PAST . . . THE PROMISE OF THE FUTURE

Books

by Robertson Davies

Tales of Our Wayside Inns

The story is one of "God sends the meat and the Devil sends the cooks" and it is recommended to every collector who knows a book of rare quality.

AT A TIME WHEN an appreciable number of young Canadian writers seem to think that the Canada Council or some comparable agency should help them to live while they write their books, and help them to publish when they have written, it is refreshing to turn our gaze toward Edwin C. Guillet, who has written some of the most extraordinary books to appear in Canada in our time, and who has financed their publication, in most cases, himself.

It is fitting that his principal theme should be the pioneers of Canada, for he carries the pioneer spirit into authorship and publishing; working against odds that would daunt any but an extremely determined, and indeed fanatical man, he has assured himself of a posthumous fame. Nobody who writes about the early history of Upper Canada in future will be able to ignore him. But Mr. Guillet is still under sixty, and I for one would like to see him enjoy some of the acclaim which is rightfully his before he becomes a subject for brass plaques and memorial lectures. I do not imply that he has no friends or admirers; I do suggest that they are not so numerous or vocal as his great abilities merit.

He has recently completed and put on the market a remarkable and fascinating work in four volumes called *Pioneer Inns and Taverns;* it is a full account of the stopping places and drinking places of our ancestors in Upper and Lower Canada, and southward along the waterways as far as New York. You are not interested in pioneer hotels? My dear friend, do not say that until you have read the book. I do not offer any vehement opinion on the subject, because I do not know enough about the circumstances surrounding it, but I think it extraordinary that Mr. Guillet should have had to publish this book himself. But I shall make a prophecy: there will certainly come a day when a single volume will be extracted from it by some able young historian with an attractive style, and it will sell extremely well under the imprint of a commercial publisher. About four years ago three volumes extracted by Peter Quennell from Mayhew's huge *London Labour and the London Poor,* were published, and are enjoying a lively popularity; that is what will happen to Mr. Guillet's book. But why wait? Why not read it now?

It is expensive, of course, $36.50 for the complete work. But if you are interested in Canadiana, that is not too much, and the book will never be cheaper than it is now. I do not know what the second-hand booksellers get for Mr. Guillet's first big work *Early Life in Upper Canada* (publ. 1933) but I know that I would not sell my copy for $100; there is no other single volume on the theme which offers so much information, in such detail. It may be that the entrenched historians have some quarrel with Mr. Guillet; I know nothing about it. But I strongly suspect that the limited acclaim which is accorded his work is nobody's fault, but is simply another instance of the way in which the Dead Hand of the universities lies upon all writing and scholarship in this country. The Canadian who wants to write about a scholarly subject, and who is not a professor, is bound to have a long, slow fight for recognition.

Writing about inns and taverns, Mr. Guillet plunges deep into the society of our country as it was before the turn of the present century. But wait—perhaps that is saying too much. I know of at least one traveller in the Ottawa Valley, during the early 'twenties of the present century, who encountered conditions precisely like those which Mr. Guillet describes in the 1820's. The beds so dirty that the traveller was obliged to wear everything but his boots; the pillow so filthy that it had to be covered with a spare shirt; no water to wash in, as it was assumed that those so effeminate as to wish to wash their faces would do so at the barber's; no chamber-pots, as "the fellas generally just steps outside"; the food an indigestible mass of fried pork: in Canada, no less than in older lands, we have had the strange sensation of stepping backward into the past, a century at a time.

There were some good inns, clean and hospitable, but they were not the rule. An inn a hundred and fifty years ago in Canada was just a dwelling-house, and by no means always a large one. If more than two or three travellers turned up for the night, there would have to be a sharing of beds, and some might have to take to the floor. Women and men slept in the same room, as no extensive undressing was the custom. Washing might be done out at the pump. Hot water was almost

Krieghoff: "Jolifou's White Horse Inn". A special flavor.

Typical Toronto Tavern, 1850.

unknown. Food was the inevitable fried salt pork and potatoes, with pickles and fried-cakes at the better places. Sometimes tea and coffee might be offered, but the common drink would be spirits. Wise travellers carried their own knives, and often ate with no other implement. There are countless tales of visiting Englishmen who wanted private rooms, tablecloths, and kindred luxuries; the pioneer innkeepers, who were usually Yankees, seem to have enjoyed taking them down a peg. Not for the first time, nor the last, in our rough continental story, there was a certain perverse pride in squalor.

If the food was abominable, the drink was more varied than is usual now except in the best places. Sherry cobbler and brandy-smash do not sound like the drinks of hardy farmers today, nor would they be easily supplied directly after breakfast, or even before it. But in the days when the common greeting was "Will you liquor?" or "Will you have a horn?" things were very different. But then, if you had been roused from slumber by a war-whoop given by a real Indian (not on the warpath, but simply retained by the innkeeper for his special strength of voice) you might be glad of something to brace your nerves.

Southward, toward New York, the inns became more civilized, and those in Saratoga, Albany and New York were, of course, as good as any of their time. In Lower Canada they had their special, French flavour, and Krieghoff's picture of Jolifou's establishment tells us the story vividly. (By the way, how long is it going to be before we have a Canadian ballet based on the pictures of Krieghoff? A European ballet would have seized upon such a treasure of picturesque costume and incident with delight, but we have done nothing whatever in this line. Sometimes it appears that Canada does not deserve such cultural treasures as it possesses.) Mr. Guillet tells us the whole story of Canadian inns, using the accounts of contemporary travellers almost exclusively. He quotes from a great variety of rare and obscure books, and it is a continual astonishment that so many notable figures of the past found their way to our land. What must it not have been to see beautiful Fanny Kemble, niece of Sarah Siddons and herself one of the leading actresses of her day, viewing Niagara Falls in the company of Edward Trelawney, the friend of Byron and the man who snatched Shelley's heart from his body as it burned upon the pyre!

Indeed the theatrical travellers in Canada would make a delightful essay in themselves. Mr. Guillet tells us much about them, from Laura Keene and Adelina Patti, to such humbler entertainers as the Ethiopian Warblers, and General Tom Thumb.

But in the main the tale of the pioneer inns is a rough one, with "God sends the meat and the Devil sends the cooks" as its constant theme. Mr. Guillet has marshalled it all, with a remarkable combination of completeness and sustained interest; he never drops to mere cataloguing. His book is, in this as in so many other respects, a triumphal achievement.

It is an idiosyncratic work, too, in some respects. And why should it not be, when the author has no publisher to consult but himself? He calls a spade a spade, and when he thinks that some alteration which has been made in a landmark is in "the worst possible taste" he does not hesitate to say so.

I recommend this book to every library which has any regard for Canadiana in our country, and to every private collector who knows a book of rare quality when he sees one. There are only 600 copies, and the day is not far off when they will be impossible to get. But it is not for rarity alone that I call this book to your attention; I value it for its quality, and for the independent and forthright historical opinions of its author, who is certainly one of the foremost of living Canadian originals.

Pioneer Inns And Taverns, by Edwin C. Guillet; 4 vols. bound in 3; innumerable odd illustrations, and end-maps—*Ontario Publishing Co.—$36.50.*

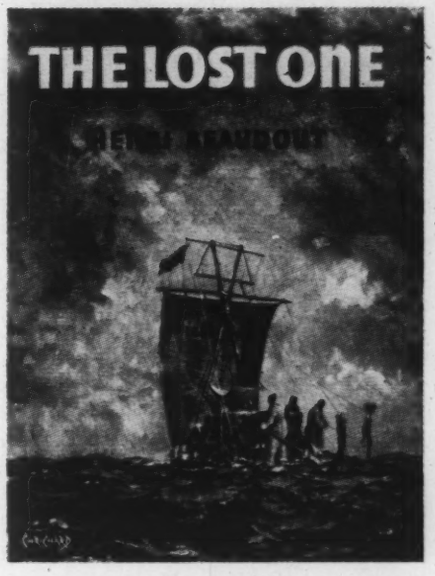
Lonely Lives

The Edge of Darkness, by Mary Ellen Chase—pp. 235—*George J. McLleod—$4.00.*

MARY ELLEN CHASE tells the story of a small, isolated fishing village on the coast of Maine. The village nonagenarian, a sprightly old woman, who in her youth had sailed with her husband on notable voyages to the distant quarters of the globe, has died. With her death go the village's link with the past and its sure hold on the present, for Sarah Holt was the wise woman of the community as well as its oldest citizen.

Miss Chase tells the story of the day of the funeral and how it affected the lives of Sarah's neighbours. They recall the past and review the present. Sarah's death brings into focus the loneliness and darkness of their drab, hard lives, their simple delights and individual sorrows. She writes of these people with insight and affection, in the serene, clear prose that is characteristic of all her work.

F.A.R.



Jacket Design

The Hard Way

The Lost One, by Henri Beaudout—pp. 192 — numerous excellent photographs—*Hodder and Stoughton—$3.50.*

TO ATTEMPT to cross an ocean on a primitive raft would seem to most people a kind of nautical masochism. To Henri Beaudout, a young Frenchman newly settled in Canada, crossing the Atlantic from west to east on nine cedar logs lashed together and equipped with a single sail, was a challenge to his determination, leadership and fortitude. That he had all these qualities in large measure and as well the spark that makes an explorer out of a clerk, his book *The Lost One* amply demonstrates.

He built his first raft in 1955 and on it sailed from Montreal down the St. Lawrence, only to be wrecked on the Newfoundland coast. *L'Egaré II* was constructed in the following winter and launched from Halifax on May 24, 1956, with Beaudout, his three companions and two kittens on board. One of his men became miserably ill after several weeks and had to be taken off by a passing ship. The other three stuck it out in spite of semi-starvation (as fishermen, they were notable failures) and acute discomfort until at last they drifted into the coastal

waters off the south-west tip of England and came safely into harbour on August 19.

It is a tale of courage and endurance, told with simplicity and good humor. Much of the book is made up of extracts from their original log. The numerous photographs give a vivid idea of how cramped and wretched their quarters were. F.A.R.

The Summing Up

Life's Adventure, by Philip Gibbs — pp. 208—*Ryerson—$3.50.*

SIR PHILIP quotes some advice to the aged given by Eden Phillpotts when he was ninety-four: "Do not let your curiosity perish and on no account seek a hermit's cave or sever yourself from the Welfare State . . . . Be a worthy museum piece in the show-rooms of humanity . . . Above all, keep your nerve and preserve the even tenor of your way . . . Granted we have to pay rather a stiff price for the weight of years, but so long as our own lives are bearable, we should strive to make them bearable for others also."

As this book, which he calls a "summing-up", shows, Sir Philip, now eighty, is far too sprightly to become a museum piece for some time yet. He has been a working journalist for most of his long life and he writes still with little diminution of the vigor that won him an accolade for the excellence of his reporting during the First World War. True, this is a book of reminiscences, but since he has had an eventful life and met many people, it is also full of lively anecdote and opinion. If he is occasionally discursive and repetitive, he is also mellow and wise. F.A.R.

Artist in Words

Reflected Lights, by Frank Panabaker—pp. 159—numerous illustrations in color —*Ryerson—$5.00.*

FRANK PANABAKER, the Canadian artist, has tried his hand at sketching in a different medium and has succeeded admirably. There are seventeen pieces in this book. One or two of them have the qualities that make a good short story; the rest are essays, light and often amusing, on subjects as diverse as making and flying a kite, duck shooting and playing the market.

There are traveller's tales of the places he has been to paint, but it is the travelling and not the painting he talks about. In fact, except for his reminiscences about the late Fred Brigden, he says very little about art or artists. He writes in an easy, conversational way as though inviting the reader to sit down before a comfortable fire and chat a while. He has the painter's eye for pertinent detail and the writer's

Sir Philip Gibbs in 1930.

ear for the cadence of speech. The book contains a number of his paintings in full color. They make a handsome addition to the text, even if, strictly speaking, they do not illustrate it. F.A.R.

Sturdy Forbears

THE RECORDS of the communities of pioneers, who laid the foundations of modern Canada, have too often been buried in oblivion and so Mr. Macqueen has made a valuable contribution to history by writing an admirable little book, in which he tells the interesting story of a settlement of 800 Highlanders from the Hebridean islands of Scotland planted in the Belfast district of Prince Edward Island in 1803. Its promoter was that indefatigable coloniser, Thomas Douglas, fifth Earl of Selkirk and it was even more successful than his later settlement on the Red River in Manitoba, through which his name is better known. Mr. Macqueen, who is a direct descendant of a sister of the celebrated Flora Macdonald, has obviously devoted assiduous research into the history of the community among whom were most of his forebears and his book is clearly a labor of love.

Frank Panabaker: Different medium.

He has a good literary style unadorned by any frills and his narrative runs smoothly in orderly arrangement. It tells of the background of the colonists and their motives for emigration and it describes their courageous challenge to the woodclad wilderness, in which they found themselves, their early struggles and hardships and their gradual emergence into a happy and prosperous community. It shows how most of these Highlanders had the virtues, which made them successful colonists, and brought with them their zeal for education and religion, to which two separate chapters are devoted. Farming was their staple source of livelihood, but after the settlement had begun to prosper, lumbering and shipbuilding provided industrial employment and, since Hebrideans are natural seamen, the long roster of master mariners produced by it, which Mr. Macqueen gives is very impressive. He also offers a detailed account of some of the leading families of this Highland settlement, from which there has sprung a goodly number of eminent Canadians such as the late Sir Andrew Macphail of Montreal and Norman Robertson, our present Ambassador in Washington.

The book will have a special interest for the numerous descendants of these sturdy Highland pioneers, who are scattered all over North America, but it also ought to interest all students of Canadiana. It was published privately by Mr. Macqueen, whose address is 66 Westgate, Armstrong's Point, Winnipeg. J.A.S.

The Close Clip

Of Sheep and Men, by R. B. Robertson — pp. 309, & photographs — *McClelland & Stewart—$5.50.*

RECALLING the excitement and drama of this author's *Of Whales and Men* some readers may take up this book with anticipation of a similar experience. But whales are whales and sheep, alas, are sheep.

Furthermore, in this description of the grazing lands of the Scots Border, Dr. Robertson has fallen victim to a bad attack of Scots 'pawkiness'—a type of fun which does not travel well. Throughout he refers to his wife, whose pictures illustrate the book, as The Photographer, and after the twentieth repetition this joke begins to grate; nor are we to be persuaded that rural crooks of a type familiar from Newfoundland to British Columbia are delightful rogues merely because they are Scots.

For his fellow Scots, however, and especially for those in exile, his descriptions of the scenery and folk ways of the glens will be appealing. Among these folkways must be numbered a fine, close clipping of tourists, and Dr. Robertson describes this admirably. B.E.N.

Marlon Brando, Miyoshi Umeki, Miiko Taka and Red Buttons.

The Lively Arts

by Mary Lowrey Ross

Hearts, Flowers and Race

IN RECENT YEARS public attention has shifted away from the relationship between Japan and the U.S.A., possibly because most of us find it is all we can do to keep track of relationships between the U.S.A. and anywhere else on earth. *Sayonara* brings back into focus the flowery kingdom under occupancy of the U.S. Army. The focus, however, is so blurred by romantic sentiment that only the movie-goer is likely to find familiar landmarks.

The setting at any rate, is Japanese. The picture was made on location in Kyoto, which unfolds as prettily as a Japanese fan, with its parks and plaisances, misty waterscapes and crowded crooked streets lit by paper lanterns. This picturesque setting makes little initial impression on its hero (Marlon Brando), an American flying officer reared in the strictest traditions of both the Army and the deep South. An intensely serious type, he takes the first opportunity to deliver a lecture on miscegenation to a subordinate (Red Buttons) who is thinking of settling down with a Japanese wife. Then, after a display of high-minded prejudice that would do no credit to Orval Faubus himself, the hero goes right out and falls in love with a Japanese dancer. The rest of the film is taken up with the confusion this situation creates in the general staff, the local population, the army of occupation and the somewhat rigid mind of the hero.

The film contains a number of rather special entertainment sequences, and these are interesting enough in their own way, which may or may not be the way of Japan. The scenes from Kabuki theatre are lively and grotesque, but they can't be called strictly indigenous, since the leading role is played by Hollywood's own Ricardo Montalban. In addition there is a Japanese all-girl opera company, whose members perform with the energy and precision of the Rockettes and live in secluded dormitories as demurely as Vassar students. All the Occidental characters in the story are enchanted by these glimpses of authentic Japanese art; but most of the members, it must be admitted, have the look of special tourist attractions rather than classic native theatre.

Nylon panties at the masthead: Gia Scala, Anne Francis and Eva Gabor.

Premiere danseuse in the operatic daisy chain is Miiko Taka, an attractive American nisei who was discovered in a Los Angeles travel bureau. At his first glimpse of Miss Taka the hero begins to revise his southern notions of inviolable blood-lines, and by the end of the second meeting he has taken to Japanese kimonas and the tea ceremony like a native. Fundamentally, the thesis of *Sayonara* appears to be the necessity of interracial understanding, and it's a sound thesis in the present crisis of human affairs, even if it has to be stated in the familiar language of hearts and flowers.

As the bemused flying officer Marlon Brando performs with his customary muffled intensity. The muffled quality is noticeably exaggerated in *Sayonara* and leaves the impression that Actor Brando is working under wraps — an impression considerably heightened by his use of a heavy southern accent. Miito Taka preserves an Oriental impassivity through most of the film. Occasionally she allows a tear to slide down her tinted porcelain cheek, but beyond this she seems to be satisfied to leave the acting to her co-star.

Sayonara runs for considerably more than three hours, a longish time for any film, no matter what its particular quality. After the first two hours the flatness of the medium begins to transfer itself to the material, and one has a nagging desire to return to a third dimension, even if it is only the pop-corn stand in the lobby.

Don't Go Near The Water is the film version of William Brinkley's best-selling novel. However, it leans quite as heavily (though without acknowledgment) on *Mister Roberts*. It is louder, longer and rowdier than that marine classic, but it isn't nearly so funny.

Its hero (Glenn Ford) longs for the excitement of life at sea, but is island-bound with a PRO unit, under the domination of a Lieutenant-Commander (Fred Clark) known as "Marblehead". Marblehead is obsessed by the notion that wars are won through promotion campaigns, and this leads to the exploitation of a tough "typical" seaman whose vocabulary consists almost exclusively of four-letter words. This comic invention gets a thorough workout. So does the patriotic effort of Eva Gabor, who contributes as her war effort a pair of black nylon panties to be flown at the masthead of a heavy cruiser. The film stumbles along from one four-letter gag to the next, with Fred Clark and Keenan Wynn performing as top banana men and Glenn Ford plodding earnestly in their wake.

waters off the south-west tip of England and came safely into harbour on August 19.

It is a tale of courage and endurance, told with simplicity and good humor. Much of the book is made up of extracts from their original log. The numerous photographs give a vivid idea of how cramped and wretched their quarters were. F.A.R.

The Summing Up

Life's Adventure, by Philip Gibbs — pp. 208—*Ryerson—$3.50.*

SIR PHILIP quotes some advice to the aged given by Eden Phillpotts when he was ninety-four: "Do not let your curiosity perish and on no account seek a hermit's cave or sever yourself from the Welfare State . . . . Be a worthy museum piece in the show-rooms of humanity . . . Above all, keep your nerve and preserve the even tenor of your way . . . Granted we have to pay rather a stiff price for the weight of years, but so long as our own lives are bearable, we should strive to make them bearable for others also."

As this book, which he calls a "summing-up", shows, Sir Philip, now eighty, is far too sprightly to become a museum piece for some time yet. He has been a working journalist for most of his long life and he writes still with little diminution of the vigor that won him an accolade for the excellence of his reporting during the First World War. True, this is a book of reminiscences, but since he has had an eventful life and met many people, it is also full of lively anecdote and opinion. If he is occasionally discursive and repetitive, he is also mellow and wise. F.A.R.

Artist in Words

Reflected Lights, by Frank Panabaker—pp. 159—numerous illustrations in color —*Ryerson—$5.00.*

FRANK PANABAKER, the Canadian artist, has tried his hand at sketching in a different medium and has succeeded admirably. There are seventeen pieces in this book. One or two of them have the qualities that make a good short story; the rest are essays, light and often amusing, on subjects as diverse as making and flying a kite, duck shooting and playing the market.

There are traveller's tales of the places he has been to paint, but it is the travelling and not the painting he talks about. In fact, except for his reminiscences about the late Fred Brigden, he says very little about art or artists. He writes in an easy, conversational way as though inviting the reader to sit down before a comfortable fire and chat a while. He has the painter's eye for pertinent detail and the writer's ear for the cadence of speech. The book contains a number of his paintings in full color. They make a handsome addition to the text, even if, strictly speaking, they do not illustrate it. F.A.R.

Sir Philip Gibbs in 1930.

Sturdy Forbears

THE RECORDS of the communities of pioneers, who laid the foundations of modern Canada, have too often been buried in oblivion and so Mr. Macqueen has made a valuable contribution to history by writing an admirable little book, in which he tells the interesting story of a settlement of 800 Highlanders from the Hebridean islands of Scotland planted in the Belfast district of Prince Edward Island in 1803. Its promoter was that indefatigable coloniser, Thomas Douglas, fifth Earl of Selkirk and it was even more successful than his later settlement on the Red River in Manitoba, through which his name is better known. Mr. Macqueen, who is a direct descendant of a sister of the celebrated Flora Macdonald, has obviously devoted assiduous research into the history of the community among whom were most of his forebears and his book is clearly a labor of love.

Frank Panabaker: Different medium.

He has a good literary style unadorned by any frills and his narrative runs smoothly in orderly arrangement. It tells of the background of the colonists and their motives for emigration and it describes their courageous challenge to the woodclad wilderness, in which they found themselves, their early struggles and hardships and their gradual emergence into a happy and prosperous community. It shows how most of these Highlanders had the virtues, which made them successful colonists, and brought with them their zeal for education and religion, to which two separate chapters are devoted. Farming was their staple source of livelihood, but after the settlement had begun to prosper, lumbering and shipbuilding provided industrial employment and, since Hebrideans are natural seamen, the long roster of master mariners produced by it, which Mr. Macqueen gives is very impressive. He also offers a detailed account of some of the leading families of this Highland settlement, from which there has sprung a goodly number of eminent Canadians such as the late Sir Andrew Macphail of Montreal and Norman Robertson, our present Ambassador in Washington.

The book will have a special interest for the numerous descendants of these sturdy Highland pioneers, who are scattered all over North America, but it also ought to interest all students of Canadiana. It was published privately by Mr. Macqueen, whose address is 66 Westgate, Armstrong's Point, Winnipeg. J.A.S.

The Close Clip

Of Sheep and Men, by R. B. Robertson — pp. 309, & photographs — *McClelland & Stewart—$5.50.*

RECALLING the excitement and drama of this author's *Of Whales and Men* some readers may take up this book with anticipation of a similar experience. But whales are whales and sheep, alas, are sheep.

Furthermore, in this description of the grazing lands of the Scots Border, Dr. Robertson has fallen victim to a bad attack of Scots 'pawkiness'—a type of fun which does not travel well. Throughout he refers to his wife, whose pictures illustrate the book, as The Photographer, and after the twentieth repetition this joke begins to grate; nor are we to be persuaded that rural crooks of a type familiar from Newfoundland to British Columbia are delightful rogues merely because they are Scots.

For his fellow Scots, however, and especially for those in exile, his descriptions of the scenery and folk ways of the glens will be appealing. Among these folkways must be numbered a fine, close clipping of tourists, and Dr. Robertson describes this admirably. B.E.N.

Marlon Brando, Miyoshi Umeki, Miiko Taka and Red Buttons.

The Lively Arts

by Mary Lowrey Ross

Hearts, Flowers and Race

IN RECENT YEARS public attention has shifted away from the relationship between Japan and the U.S.A., possibly because most of us find it is all we can do to keep track of relationships between the U.S.A. and anywhere else on earth. *Sayonara* brings back into focus the flowery kingdom under occupancy of the U.S. Army. The focus, however, is so blurred by romantic sentiment that only the movie-goer is likely to find familiar landmarks.

The setting at any rate, is Japanese. The picture was made on location in Kyoto, which unfolds as prettily as a Japanese fan, with its parks and plaisances, misty waterscapes and crowded crooked streets lit by paper lanterns. This picturesque setting makes little initial impression on its hero (Marlon Brando), an American flying officer reared in the strictest traditions of both the Army and the deep South. An intensely serious type, he takes the first opportunity to deliver a lecture on miscegenation to a subordinate (Red Buttons) who is thinking of settling down with a Japanese wife. Then, after a display of high-minded prejudice that would do no credit to Orval Faubus himself, the hero goes right out and falls in love with a Japanese dancer. The rest of the film is taken up with the confusion this situation creates in the general staff, the local population, the army of occupation and the somewhat rigid mind of the hero.

The film contains a number of rather special entertainment sequences, and these are interesting enough in their own way, which may or may not be the way of Japan. The scenes from Kabuki theatre are lively and grotesque, but they can't be called strictly indigenous, since the leading role is played by Hollywood's own Ricardo Montalban. In addition there is a Japanese all-girl opera company, whose members perform with the energy and precision of the Rockettes and live in secluded dormitories as demurely as Vassar students. All the Occidental characters in the story are enchanted by these glimpses of authentic Japanese art; but most of the members, it must be admitted, have the look of special tourist attractions rather than classic native theatre.

Nylon panties at the masthead: Gia Scala, Anne Francis and Eva Gabor.

Premiere danseuse in the operatic daisy chain is Miiko Taka, an attractive American nisei who was discovered in a Los Angeles travel bureau. At his first glimpse of Miss Taka the hero begins to revise his southern notions of inviolable blood-lines, and by the end of the second meeting he has taken to Japanese kimonas and the tea ceremony like a native. Fundamentally, the thesis of *Sayonara* appears to be the necessity of interracial understanding, and it's a sound thesis in the present crisis of human affairs, even if it has to be stated in the familiar language of hearts and flowers.

As the bemused flying officer Marlon Brando performs with his customary muffled intensity. The muffled quality is noticeably exaggerated in *Sayonara* and leaves the impression that Actor Brando is working under wraps — an impression considerably heightened by his use of a heavy southern accent. Miito Taka preserves an Oriental impassivity through most of the film. Occasionally she allows a tear to slide down her tinted porcelain cheek, but beyond this she seems to be satisfied to leave the acting to her co-star.

Sayonara runs for considerably more than three hours, a longish time for any film, no matter what its particular quality. After the first two hours the flatness of the medium begins to transfer itself to the material, and one has a nagging desire to return to a third dimension, even if it is only the pop-corn stand in the lobby.

Don't Go Near The Water is the film version of William Brinkley's best-selling novel. However, it leans quite as heavily (though without acknowledgment) on *Mister Roberts*. It is louder, longer and rowdier than that marine classic, but it isn't nearly so funny.

Its hero (Glenn Ford) longs for the excitement of life at sea, but is island-bound with a PRO unit, under the domination of a Lieutenant-Commander (Fred Clark) known as "Marblehead". Marblehead is obsessed by the notion that wars are won through promotion campaigns, and this leads to the exploitation of a tough "typical" seaman whose vocabulary consists almost exclusively of four-letter words. This comic invention gets a thorough workout. So does the patriotic effort of Eva Gabor, who contributes as her war effort a pair of black nylon panties to be flown at the masthead of a heavy cruiser. The film stumbles along from one four-letter gag to the next, with Fred Clark and Keenan Wynn performing as top banana men and Glenn Ford plodding earnestly in their wake.

ski
curl
swim

all winter long
at the Laurentians'
finest resort hotel

THE
Chantecler

SKI-ING on slopes for novice and expert immediately adjacent to hotel—T-Bar, Poma and rope lifts. Ski school with CSIA instructors. *Learn-to-ski Weeks* —with low, all inclusive rates—from Jan. 7th to Feb. 1st, and after March 17th.

CURLING for guests in the region's only club. Three sheets of artificial ice—*indoors*—November through April. Free instruction for beginners.

SWIMMING in the indoor, heated Solarium Pool. Skating, sleigh rides and other activities too at this, the *complete* resort.

For information, reservations, write: F. Emil Marin.

THE CHANTECLER
Ste-Adèle-en-haut, P.Q.

FOR THE RECORDS REVIEWED, CALL OR WRITE
"The Store With All the Records"
PROMENADE MUSIC CENTRE
Hi Fi — Records — Phonographs
83 Bloor St. W., WA. 3-2437
1435 Yonge St. (Records Only)
TORONTO

Canada's Leading Phonograph Mail Order Record Specialists
European & Domestic — Collectors Items.
Write for our free monthly lists.
ROSS, COURT & CO.
2098 Yonge St., Toronto, Ont.
MO 1636

Records

by William Krehm

AN EXTREME EXAMPLE of the lengths to which the elaborate packaging of records can go is *RCA-Victor LM-2112* entitled **Vienna.** The cover not only carries a colorful picture of two breezy Viennese types (see illustration), but there is also a folio containing an essay on Vienna by Joseph Wechsberg illustrated by seven excellent black-and-white scenes of Vienna. And all these pictorial trappings envelop but a single disc containing a group of spirited and smooth performances by Reiner and the Chicago Symphony—the Blue Danube Waltz, the Emperor Waltz, Village Swallows, Morning Papers of the Strausses, an arrangement of Richard Strauss's Rosenkavalier Waltzes, and Weber's Invitation to the Dance.

On the other hand a completely anonymous wrapping may contain treasures of distinction and consequence. A good example is the following:

Hugo Wolf: Songs to Verses of Goethe, Geibel, Eichendorff, and Moerike. Dietrich Fischer-Dieskau and Gerald Moore. *Angel 35474.*

This collection includes such favorites as Harper's Songs, Anacreon's Grave, Silent Love, Wandering, He that Knew Not Love.

No composer filled the miniature world of the lied with such iridescence of mood and emotion as Wolf. Fischer-Dieskau, whose art seems to know no limits, is superbly able to bring to life every nuance of Wolf's fancy. A memorable record that belongs to the collection of every lover of the lied. Recording: excellent.

Stravinsky: Persephone: Igor Stravinsky conducting the New York Philharmonic with Vera Zorina, narrator, Richard Robinson, tenor and the Westminster Choir. *Col. ML 5196.*

Like many gifted children, Stravinsky's *Persephone* was the offspring of an unhappy marriage. The text of his *melodrame,* written for Ida Rubinstein's ballet in 1933, was done by André Gide. But Stravinsky had little regard for Gide's sentimental "taffy verses". Gide, for his part, was shocked by Stravinsky's use of the French language as though it were but another musical instrument for which he had discovered an unsuspected use, and boycotted the performance. It is one of the most parsimonious and powerfully pared of Stravinsky's scores, and a good example of his ability to deal with the deepest emotions at arm's length. Performance good; sound good.

Glière: Symphony No. 3 ("Ilya Mourometz"). The Philadelphia Orchestra under Eugene Ormandy. *Columbia ML-5189.*

Reinhold Glière, who died in Russia at the age of 81 last year, belonged to the school of Rimsky-Korsakoff with overtones of Moussorgsky. But in this Symphony inspired by the legendary hero Ilya Mourometz he achieves an epic expansiveness that has no match in Rimsky-Korsakoff and is completely worthy of his theme.

Ilya Mourometz's feats, wrought against the Tartars, were on a truly prodigious scale. He and his fellow-knights would surely have vanquished the heathen, if two live Tartars had not sprung up to take the place of every Tartar that Ilya and his comrades hacked to pieces. With the laws of geometric progression thus stacked against them, Ilya and his fellows fled to the mountains and were turned into stone. And so the race of heroes disappeared from the Russian earth, until Glière in his music brought them back again. Much of it is stirring, spacious stuff, and could well divert some of the traffic from the kindred music of Rimsky-Korsakoff. Performance excellent. Sound good.

Bizet: Carmen Suite. L'Arlésienne Suites 1 and 2. Detroit Symphony under Paul Paray. *Mercury MG 50135.*

The *Carmen* suite was gotten together by Paray to match the two classic suites from Bizet's incidental music to *L'Arlésienne.* Paray has an epigrammatic eleg-

ance of style that brings Bizet to fine flower. Sound good.

Tchaikovsky: Violin Concerto. Heifetz and the Chicago Symphony under Reiner. *RCA-Victor LM-2129.*

Tchaikovsky: Violin Concerto. Bruch: Concerto in G Minor. Arthur Grumiaux with Bogo Lescovich and the Vienna Symphony Orchestra. *Epic LC 3365.*

Two readings of the Tchaikovsky concerto by top-notch fiddlers. For sheer brilliance Heifetz as always is unapproachable. But this shows up best in the cadenza; elsewhere there are moments when a high surface gloss replaces real emotional depth. Recording: good.

Grumiaux handles the Tchaikovsky at a more deliberate pace, and with an oddly philosophical detachment that could not be more out of place. He does better by the Bruch classic, which he adorns with a breadth of feeling. Recording good.

Ravel: Gaspard de la Nuit, **Prokofieff:** Visions Fugitives. André Tchaikovsky, pianist. Debut Recital. *RCA - Victor LM-2145.*

This recorded debut recital of Tchaikovsky is a memorable coming out—the 22-year-old Pole is certainly destined to be one of the dominant pianistic figures of his generation. He not only gives the taxing notes of the Ravel their due, but endows them with a subtly distilled poetry.

The Prokofieff work belongs to his early romantic period and is conceived around the virtuoso possibilities of the piano. With Tchaikovsky the music is never for a moment grounded. Sound: fair.

Berlioz: Five Overtures: Benevenuto Cellini, Le Carnaval Romain, Le Roi Lear, Le Corsaire, Beatrice et Benedict. *Angel 35435.*

Berlioz is definitely the forked lightning in the musical firmament, and this package of his greatest overtures with their stabbing rhythms, their lurching harmonies, and their dazzling color will fill your music room with the reek of ozone. Cluyten's readings are without an ounce of sluggish fat. Recording: excellent.

LAING

Krieghoff and early historical Canadian paintings

Horatio Walker, Homer Watson and Suzor Coté

The Group of Seven — Frank Carmichael, Lawren Harris, A. Y. Jackson, Arthur Lismer

Contemporary Canadian artists

19th Century English paintings and drawings

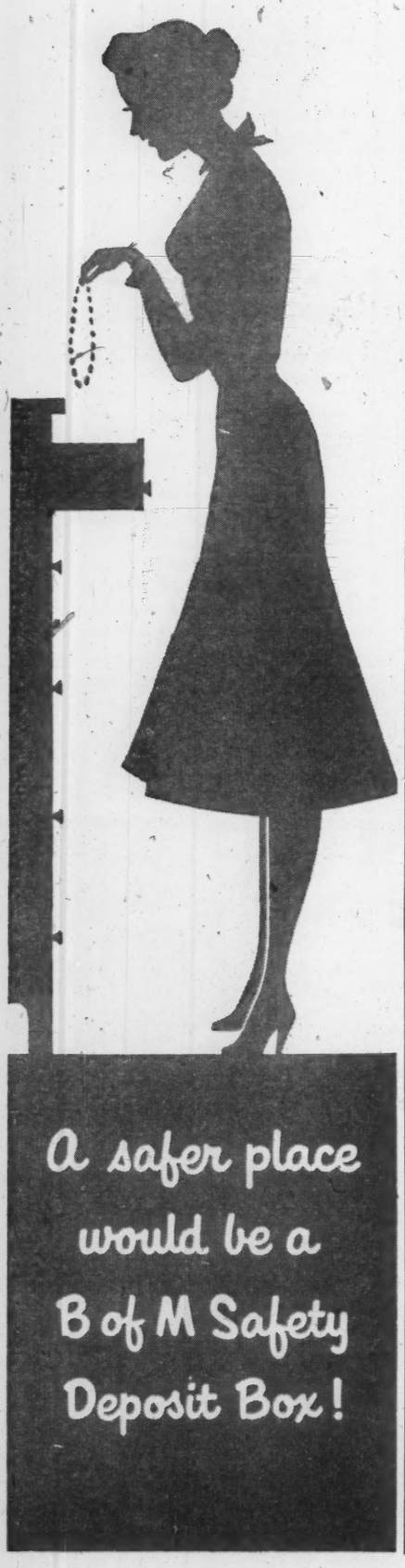
Modern French Masters

Old Masters

—and other important Canadian, British and French paintings.

Galleries:
194 Bloor Street West,
Toronto

Skiing Headquarters
in old Quebec
Whether you're a polished performer or a novice skier, you'll find Lac Beauport has a tailor-made trail for you. Everything from gentle slopes to fast downhill runs . . . expert instructors . . . Alpine lift, T-Bar and ski tows. All within a snowball's throw of the hospitable Château Frontenac . . . your skiing headquarters.
Special All-Expense Ski Holidays . . . 3, 7, 10-day holidays from $54.75, all-inclusive.
DON'T MISS QUEBEC WINTER CARNIVAL'S MARDI GRAS EVENTS IN FEBRUARY
Information and reservations from any Canadian Pacific office, your own travel agent or write Hotel Manager.
Château Frontenac
A CANADIAN PACIFIC HOTEL



Gold & Dross

A carriage trade investment—One to watch on the dips—Softening trend in commodities—A newsprint stock.

Dofasco

Does Dominion Foundries & Steel stock look cheap to you at current prices? — S. B., Hamilton.

Carriage-trade investments are seldom cheap; and Dominion Foundries & Steel, or Dofasco as it is more familiarly known, is a carriage-trade situation.

While the company is by no means the largest of Canada's four primary steel producers, it ranks high in aggressiveness and managerial know-how. This reflects in expansion along the lines of steel products for which demand is steadiest and most likely to grow, in the development of new products which enlarge the company's outlook considerably and in the maintenance of strong employee-relations.

All this adds up to a situation which has earned a high degree of confidence in the investment community.

The company has undertaken a good deal of expansion and rehabilitation in the recent years. The effect of this has been to give shareholders profitable subscription rights to new stock or else to increase the leverage of their holdings. The latter has been done when funds have been provided through borrowings. These have been undertaken at a cost which is substantially less than the additional earnings which they have enabled and which, of course, will redound to the benefit of the common stock.

One could devote columns to spelling out the company's progress and plans, but it should already be apparent why investors are willing to put the valuation they have on this high-class growth situation.

Placer Development

Could you outline Placer Development for a prospective investor in its shares? — R. J., Montreal.

Placer Development is a holding company, deriving income from mining properties in British Columbia, oil operations in the Southern U.S.A. and placer-gold projects in South America and New Guinea.

The company has 2,580,000 shares outstanding and earned $1.39 a share in the year ended April 30, 1957, versus dividends of $1 a share. Selling around $8.50 a share, the stock returns close to 12 per cent, which indicates some clouding of the outlook for the tungsten and lead-zinc mining operations of the subsidiary, Canadian Explorations.

While lead-zinc prices have declined, mining of the Jersey lead-zinc orebody by Canadian Explorations is expected to continue at a profit. There is, however, some uncertainty about the tungsten mine on the same group of claims. The present tungsten sales contract terminates in mid-1958 but is expected to earn a normal profit until that time. The tentative plan is then to concentrate on the mining of high-grade tungsten ore on a salvage basis.

Since Placer had net liquid assets at April 30 of some $11.5 million, it is evident that the market valuation of the common does not place a high price on the properties and interests held through subsidiaries. This is one to watch on the dips. It is a chance to buy into a situation with ample assets and managerial know how. If, for example, the company secured new interests — which management record suggests would probably be lively ones — investors' sentiment could undergo a sharp upward revision.

Opemiska

Can you recommend the purchase of Opemiska Copper? — L. T., Vancouver.

The future of Opemiska Copper is dependent on the price of copper. Over the longer term, copper factors are hopeful of the red metal flattening out at 30 cents a pound or better and this would be profitable for the bulk of Canadian producers.

Supporting the hope for the price of copper is the mounting electrification of the world. While copper has been supplanted by aluminum for some electrical uses, it is still supreme in others.

But a bearish note is sounded in the general softening of commodity prices.

As for Opemiska itself, this is an interesting property in the Chibougamau district of Quebec. It is expanding the size of its operation from 800 tons a day to 1600. This will lower unit costs. The profit picture is also being improved somewhat as a result of construction of a rail-

way to Chibougamau. This is enabling the company to replace truck haulage of its concentrates to the Noranda smelter with the cheaper rail transportation.

Additional economies of operation are possible. There is some talk of a plant being built at Chibougamau to process the area's concentrates and this would enable a further saving on freight.

Opemiska is a subsidiary of Ventures. This means that there is a relatively small floating supply of stock and the price would thus more quickly respond to favourable developments which might spark market interest. The hope of the latter impels speculators to follow live mining issues. On the other hand many traders do not like stocks which are largely in the hands of holding companies.

Powell River

How does Powell River rate as an investment? — N. A., Winnipeg.

Powell River is a high-class newsprint situation. Not only does it operate the world's largest newsprint mill but its location, British Columbia, puts it in a strategic position to sell to the Pacific Coast market in the U.S. This is an area of great growth. Additionally, the company sells in Texas and other markets which can be reached economically by rail or water transportation.

There has, of course, been some halt to the progress and expansion of the newsprint industry this year. Nonetheless, the industry is in sound position and it is possible that investors a year from now will look back on recent prices of newsprint stocks as bargains. No unit of the industry seems to be better placed than Powell to benefit by improved conditions or by more optimistic investment sentiment.

Lamaque

I have been looking at Lamaque Gold Mines and think it appears cheap. Do you agree?—J.B., Peterborough.

With the somewhat unsettled tone of the economy and the stock market recently, there may be a resurgence of interest in the golds, which have for many years been squeezed between the upper mill stone of a fixed price and the lower mill stone of mounting costs. Lamaque is associated with a strong, aggressive mining group, being controlled by Teck-Hughes, and has interests in outside mining ventures.

Lamaque is a large medium-grade gold mine and could liven up considerably with an improvement in basic gold-mining conditions—either a higher price for gold or lower costs. Development work has for several years maintained ore reserves at a satisfactory level and there is good prospect of continuity of the operation. Earn-

A Service for Investors

The December 1957 edition of our booklet "Canadian Government and Municipal Financial Statistics" is a convenient summary of the financial position of Canada, its ten provinces and seventeen of its largest municipalities.

The booklet contains for each government concerned a detailed financial statement based on the latest available data, together with a summary of statistics for the past ten years. Statements comparing the statistics of the provinces and of the cities are also given.

Copies of this booklet are available, and will be forwarded promptly on request to any of our offices.

Wood, Gundy & Company
Limited

Toronto Montreal Winnipeg Vancouver Halifax
Saint John Quebec London, Ont. Hamilton Ottawa
Kitchener Regina Edmonton Calgary Victoria
London, Eng. Chicago New York

CANADIAN INVESTMENT FUND

Ask your investment Dealer or Broker for prospectus.

CALVIN BULLOCK
Ltd.

BABSON'S FORECAST FOR 1958

1. "1958: Lower But Still Good" (A business forecast)
2. "Politics and Pipelines"
3. "A Stock Market Forecast for 1958"

Attach $1.00 to this advertisement and send with name and address to:
Babson's Canadian Reports Limited
Harbour Commission Building, Toronto

in Toronto – the
PARK PLAZA
of course!

Advertising and **publication printing**
Saturday Night Press
71 RICHMOND ST. W., TORONTO

THE CANADIAN BANK OF COMMERCE
DIVIDEND NO. 284 AND EXTRA

NOTICE is hereby given that a dividend of thirty-five cents per fully-paid share on the outstanding Capital Stock of this Bank has been declared for the quarter ending January 31, 1958, payable at the Bank and its Branches on February 1, 1958, to shareholders of record at the close of business on December 31, 1957.

Notice is also hereby given that an extra dividend of twenty cents per fully-paid share on the outstanding Capital Stock of this Bank has been declared, payable at the Bank and its branches on February 1, 1958, to shareholders of record at the close of business on December 31, 1957.

Subscribers to new shares are reminded that they will rank for these dividends only in the proportion that the amount paid upon such new shares at the record date of December 31, 1957, bears to the subscription price of $30.

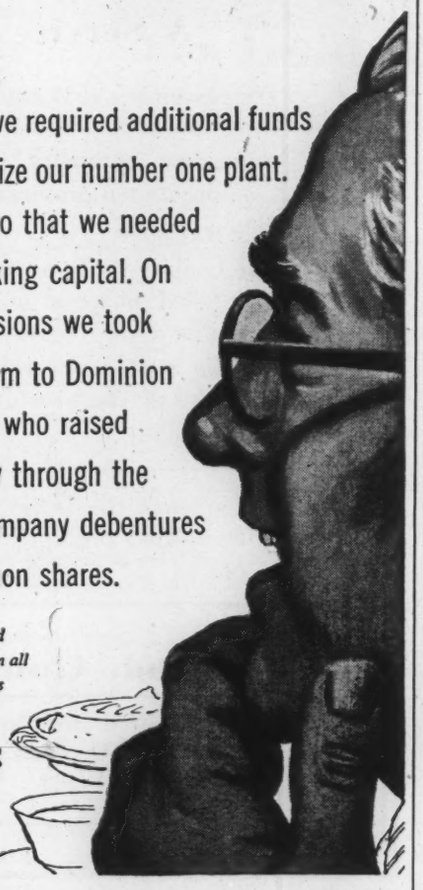
BY ORDER OF THE BOARD
J. P. R. WADSWORTH,
General Manager

Toronto, December 6, 1957

John,
have you ever had to
raise more capital
for your business?

Yes Hugh,
last year we required additional funds
to modernize our number one plant.
Previous to that we needed
more working capital. On
both occasions we took
our problem to Dominion
Securities who raised
the money through the
sale of company debentures
and common shares.

Orders accepted for execution on all stock exchanges



DOMINION SECURITIES CORPN. LIMITED

Established 1901

Toronto Montreal Winnipeg
New York London, Eng.

CANADIAN PACIFIC RAILWAY COMPANY

DIVIDEND NOTICE

At a meeting of the Board of Directors held today a final dividend of seventy-five cents per share on the Ordinary Capital Stock was declared in respect of the year 1957, payable in Canadian funds on February 28, 1958, to shareholders of record at 3.30 p.m. on January 6, 1958.

By order of the Board.

T. F. Turner,
Secretary.

Montreal, December 9, 1957.

7 services in one

PLANS • LAYOUT
COPY • ART
PHOTOGRAPHY
PRODUCTION
MAILING

saturday night press

71 RICHMOND ST. W., TORONTO

ings were 19 cents a share in 1956 and showed some improvement in the first four months of the current year.

Dividends for 1957 are 20 cents a share, the same as in 1956, and financial position is of an order to permit continued distribution of bulk of earnings. Thus the shareholder can anticipate some return on his money while awaiting the improvement in conditions for which so many associated with the gold industry have been hopeful for so long a period.

Anglo-Huronian

What would you say to taking a comitment in Anglo-Huronian stock with a view to holding it for higher prices? — J. H., Calgary.

While the price level at which Anglo-Huronian can be acquired is favorable in relation to indicated breakup value, it does not seem to have interests with a great immediate news potential.

Anglo is a mining investment company and its prospects hinge on those of its various holdings. Principal of these is Kerr-Addison Gold Mines, of which Anglo holds 1,168,211 shares versus 1,500,000 shares of its own outstanding. Thus for each share of Anglo there is about four-fifths of a share of Kerr. But this relationship fails to reflect fully in the market price of Anglo. Holding companies, it might be added, frequently fail to sell for their indicated breakup values.

Besides its interest in Kerr, an outstanding gold mine, Anglo has base metal investments in Geco Mines, Coldstream Copper Mines, Shield Development Co. and Prospectors Airways. It also has an interest in a Rhodesian asbestos project.

Diversification afforded by non-gold projects may be important to the company.

Fanny Farmer

I wonder if you could deviate from your policy of not commenting on American stocks long enough to give me a run down on Fanny Farmer Candy Shops, which started out as a branch operation of Canadian interests in the U.S.—B.V., Vancouver.

Although Fanny Farmer is a U.S. organization, it was founded by Canadian candy interests and has a considerable financial following in Canada. The Canadian daily and financial press has generally treated it as a domestic company and its shares are listed on the Toronto and Canadian stock exchanges.

The company operates candy-manufacturing plants (or studios) and a chain of shops in the U.S. Sales have shown a steady increase for several years, rising to $18.8 million in 1956 from $18.1 million the previous year. Net profit was $649,451 or $1.92 per share (339,300

shares outstanding) versus $1.80 the previous year. Dividends are paid at the rate of $1.50 a share, U.S. funds. To work out the yield, convert the Canadian price, recently $17 a share, into U.S. funds. This results in a yield of more than eight per cent. However, since the company was incorporated in New York state, shareholders do not receive the 20 per cent income tax credit in Canada. This cuts the effective yield for the Canadian holder.

The stock is not without attractions as a speculative investment. Anticipated growth should be of the steady rather than spectacular variety.

Worthy of special note in appraising the attractions of this company is the integrated nature of the operation. Since the company distributes its own manufactures, procedures are economic for it which wouldn't necessarily be economic for other concerns with less integrated operations. For example, it should be possible to exert a close and effective control of inventories and make optimum use of trucks, etc.

Mindamar

Is there any significance to Dome's sale of controlling interest in Mindamar Mines to shareholders of the latter? — T. J., Quebec.

Not especially. Dome sold its Mindamar holding to close out what had been a bad guess. The property was operated profitably until metal prices declined. Control of the company was sold back to the people who had the property prior to it going under the Dome aegis. These people will retain the Nova Scotia claims and will look for other interests which might lead to a reactivation of the company.

In Brief

What is the status of Cyclone Mining Co. Ltd.? — B. N., Port Arthur.

Blew out of existence.

How is Golden Eagle Mines Ltd.?—Z. S., Toronto.

Had its wings clipped some years ago.

Anything on Golden Hope Mines Ltd.? — M. J., Toronto.

Where there's life . . .

What happened to Nickel Offsets Ltd.?—K. S., Hamilton.

Still in existence but not in production.

Any chance of Osisko Lake drilling from the ice this winter? — T. L., London.

Not very much.

What became of Lost River Gold Mining Co. Ltd.? — K. W., Barrie.

Lost its charter.

A. E. Ames & Co.
Limited

Investment Dealers—Business Established 1889

32 Consecutive Seasons AND STILL THE FINEST!

Spend this winter at the Vinoy Park—one of the few hotels in Florida to maintain the connoisseur's standard of fine food and accommodations. Superb climate and the attractions of a lovely resort city. Our own golf, beach club; swimming pool, shuffleboard. For brochure write

Sterling B. Bottome
Managing Director

ST. PETERSBURG, FLORIDA

A QUEBEC SKI VACATION

Plan now for your winter vacation in La Province de Québec. You will enjoy the deep sparkling snow, the clear dry air, the brilliant sunshine of French-Canada, where you will be welcomed with old-time hospitality in comfortable modern inns and hotels. *For road map and ski booklet, write: Provincial Publicity Bureau, Parliament Buildings, Québec City; or 48 Rockefeller Centre, New York 20, N.Y.*

LA PROVINCE DE
Québec

Your Taxes

by Garfield P. Smith, CA

Charitable Donations

Am I allowed a deduction for charitable donations of an amount equal to a percentage of dividends from taxable Canadian corporations in addition to the 10% deduction from net income?—A. M. R., Wolfville, N.S.

No. An individual may claim as a deduction, charitable donations paid during the year up to a maximum of 10% of his net income for the year. The amount of donations which may be claimed, is not affected by the nature of the income. In order that the deductions be allowed it is necessary that receipts be submitted to the Department. There is a minimum deduction of $100 which may be claimed for the total of charitable donations, medical expenses, professional and trade union dues, and where such minimum deduction is claimed, no receipts are required.

Husband and Wife

I worked for the first six months of 1957, and on leaving my employment I was paid the amount of my equity in the firm's pension fund. When the amount was paid to me, a deduction of 15% was withheld in respect of income tax. I expect to have a large hospital and medical bill before the end of the year. Kindly advise whether I am required to file a separate tax return, in addition to the return to be filed by my husband, and also whether I may claim medical expenses which were incurred after I left work, or whether such expenses should be claimed by my husband.—Mrs. R. N., Scarboro.

You and your husband should file separate returns. As you were employed for only part of a year, it is very likely that you will be entitled to a refund of tax. If the amount you received from the pension fund was paid as a single payment, then you have a choice of including the amount in your income in the year of receipt, or you may exclude it from your income and pay a special tax on the amount based on the ratio of your total taxes for the three preceeding years to your total income for those years. Your tax should be computed both ways in order to determine which method is the most advantageous. The tax withheld will be credited to your account to apply against the tax subsequently determined.

Medical expenses should be paid and claimed by the person able to obtain the greater tax advantage therefrom. Because medical expenses may be claimed only to the extent that they exceed 3% of a taxpayer's income, it will generally be advisable to have all medical expenses claimed by one person where possible. Where medical expenses are extremely high, it may be advisable to split such expenses between husband and wife. Although the maximum deduction which may be claimed by the husband and wife in respect of themselves is $2,000, there is an additional amount which may be claimed in respect of dependents in the amount of $500 for each dependent up to a maximum of $2,000. Thus, where there are more than four such dependents, it may be advisable for the husband and wife to make a claim.

Another method of dealing with medical expenses where they exceed the maximum allowance for one year is to split the amount into a two-year period. As the Act provides for the deduction of medical expenses paid during a twelve month period ending in the taxation year, medical expenses paid in the latter part of 1957 can be claimed in 1958 by selecting a twelve month period commencing in 1957 and ending in 1958.

Income of Children

I have three dependent children, two of whom are attending high school and one attending university. Each child has a bank account which has been built up from an accumulation of family allowance cheques, gifts, interest on bonds and bank interest. In addition, the proceeds of war savings stamps and certificates were used to purchase cumulative debentures. Is the interest on the bank deposits and the interest portion of the cumulative debentures taxable in my hands?—L. R. B., Glace Bay, N.S.

If you have transferred property to a person under 19 years of age, the income from the property or from property substituted therefore shall, during your lifetime and while you are resident in Canada, be deemed to be your income until the year in which the person to whom the property was transferred has attained the age of 19 years. By definition, property means property of any kind whatsoever whether real or personal. Thus, interest received by your children will be included as your income to the extent that you have provided the property. If, however, any of your children are over 19 years of age, or will have attained the age of 19 years by the end of the year, then interest received by such children will not be included in your income.

Although the income on property provided by you will be taxed in your hands, the income on the income will not be so taxed. For example, if you gave your 15-year-old son a $10,000 bond bearing interest at 5% per annum, the interest of $500 a year will be included in your income. The $500 amount is not part of the property transferred by you to your son and consequently income earned on the $500 will not be included as your income. Thus, if your son deposited the $500 in his bank account, that portion of the bank interest applicable to the $500 deposit, would be included as his income, and not as yours.

Care should be taken when making gifts to your children, as there may be a gift tax liability where gifts are made exceeding $4,000 in total in any one year.

Canada-U.S. Convention

On September 26, 1957, the 1956 supplementary Canada-U.S. Tax Convention was ratified. That portion of the convention affecting withholding taxes on dividends to United States residents has been discussed. There are other important changes.

One amendment permits the deduction of contributions to charitable organizations in the United States up to a maximum of 10% of the income from United States in the case of individuals, and up to 5% of such income in the case of corporations. Another amendment provides that United States firms engaged in the operation of motor vehicles, shall be exempt from Canadian tax in respect of income arising from the transportation of property for hire between points in the United States and Canada where such income is taxed in the United States. In addition to the foregoing, there are other changes of a technical nature.

Business Losses

Early this year there were two cases heard before the Exchequer Court in which corporations attempted to deduct losses of prior years from income of a subsequent year. In each case, the court ruled that the business in which the loss was incurred was different from the business in which the profits were earned in the subsequent year, and consequently, the deduction of the loss was disallowed.

In each case, the corporations were engaged in manufacturing during the loss years, and in the years during which the profits were made, they were engaged solely in merchandising operations, and in addition were dealing with different products. Although business losses may be deducted generally from all other income in the year, such losses may be deducted only from profits of the same business when applied against income of other years.

Insurance

by William Sclater

Inflation Hedging

In the event of death my estate, excluding life insurance would be less than $50,000 but more if it was included. Some years ago I arranged that my policies would be paid to my widow as annuities for life but those guaranteed annuity payments would not reflect present day earning power of money. My wife, who is my sole legatee, has good investment ability. Do you think it would be wise to cancel the annuity arrangement so that the insurance would be payable to her in cash? — O.B., Toronto.

The "baby budget" brought down by the Conservative Government in Ottawa has eased Succession duties but the problem you pose is the big question mark of investment versus guaranteed income.

In recent years the trend has favored the individual investor but there is no guarantee such a happy state of affairs will continue indefinitely. In fact people who bought well-known gilt-edge stocks in recent months are now counting their losses and that includes a number of people given credit for being reasonably intelligent. With a guaranteed annuity you know what you are getting and there are times, in our up-and-down economy when hard, sure dollars are real good friends, as many learned the hard way in the thirties. There are exceptions to every rule and you are the arbiter but my recommendation would be to stand fast with the annuities. They're guaranteed.

Rising Auto Rates

When I read about another increase in auto insurance rates my blood pressure rises. Don't you think it is about time the business was underwritten on an individual basis and the poor drivers penalized or weeded out. They're the ones we're all paying for. What's your opinion? — J. D., Toronto.

Couldn't agree with you more but who's going to do it? Keeping individual records is costly to begin with and the insurance companies don't have them. Probably the only realistic approach is on a provincial basis. Some cities are already moving on their own. Greater Winnipeg is an example and the experience is illuminating. Their program started in 1950 and their fatal accidents last year were still the same as in 1950. They showed no rise. The rest of Manitoba reflected the mounting traffic toll common to Canada with a rise of 100%. In the same period motor vehicle registrations are up 46%.

The Winnipeg traffic safety program allots a permanent licence number for each driver and maintains a points system based on complete driver records and traffic offences. The Winnipeg safety directors believe drivers can be graded by accidents and convictions. They figure only 15% of Manitoba's 300,000 drivers are in the "questionable, problem or dangerous" class. And the Winnipeg Traffic Safety people go after the erring drivers. A summons to the driver improvement clinic or suspension of driving licence are consequences that make careless drivers toe the line. But the results show what can be achieved. Personally I think government is going to have to get seriously into this field. It'll be worse when we all start taking to the air soon.

How To Check Up

My wife received a call from a man who said he represented Compensation and the Federal Government insurance and stating he would have to see me at eight o'clock that night or I would not be eligible for the government plan. I stayed home and the man came to my house that night. He gave me the impression that he represented the government and also an insurance company which had a special charter from the Federal Government to get in so many members by a certain date so that everyone could get this insurance which would be to their advantage. I told him I had a policy with a well-known tariff insurance company and he wants me to cancel this and sign up with him. He says he has a special extension for me but I must sign up before the end of the year or I lose out. What do you advise?" — D.B., Aurora, Ont.

Sign nothing or you will lose out. That's a phony story or I never heard one. Sounds to me like one of the insurance rackets some characters used to try and pull on farmers in Ontario. But get one thing straight: this man does not represent the government of Canada in any way. He is probably an agent for a small insurance company licensed in another province who has an agent's licence to sell policies in your province. The way to deal with him is to report his name and all details about him and his company that you know to the Ontario Insurance Department at Queen's Park, Toronto. You can be quite sure he will be dealt with then as he deserves.

There are racketeers working the insurance business too. In small prairie towns they used to hustle in to the Chinese cafe and ask the proprietor if he had his government insurance licence for his coffee boiler. Before the bewildered Chinaman realized what had happened they had signed him up for $5 and collected cash and departed. Sometime later he discovered he was a subscriber to a pamphlet on Beautiful Wyoming or some such. The insurance business is well supervised but there are sharks who prey on all legitimate commerce.

Insuring Films

We have four 16mm films belonging to our association which our members borrow to show in different parts of Canada at times. These are copies of originals and consist of anything from three to eight reels for 15 minute to one-hour showings. They are sent out from our central office and returned there. What insurance coverage could we get on them and what would it cost? — J. S., Calgary.

What would meet your requirements best would be an All-Risk floater policy, giving coverage against all damage or accident except normal wear and tear. Provided you required that the films would be handled only by competent operators and you were in no sense a rental agency this would fill the bill. Cost would be dependent upon replacement cost of the copy. If it was $150 or less the floater would probably cover it for a premium of $5 minimum. Check this with your fire and casualty agent.

Fire Losses

Could you give me some information about fire losses and causes of fires in Canada. Also are there many deaths due to fires? — H. S. Cobourg.

The fire loss in Canada last year was valued at $106,772,153. There were 601 deaths. Of these 238 were men, 130 were women and 233 were children. The biggest incidence of fire is in residential property and the commonest listed cause of fire is smokers' carelessness, by a large margin.

Electrical wiring is the second-place offender, with stoves, furnaces, boilers and smoke pipes in third place. Defective and overheated chimneys and flues are in fourth place and matches come next. Lightning is in sixth place as a cause of fire. Electrical wiring and appliances, while not responsible for as many fires as smokers' carelessness, is the most costly offender, causing loss estimated at $12,897,828 last year.

Laurentians

CONTINUED FROM PAGE 17

Within an easy hour's drive from Montreal are resorts like Mont Gabriel, a thousand-acre estate with lodge, cabins and chalets set on a mountain top. Across the valley from Mont Gabriel are St. Sauveur's open slopes.

All of the villages are ski centres, with nearby well-groomed ski slopes served by T-bar lifts, rope tows or chair lifts. If you have never skied before but want to try it, you can learn enough in a few lessons to have a lot of fun on the slopes. Every hotel and lodge has an instructor who may come from Europe, South America or from the district itself. But wherever you go you'll find instruction methods of the Canadian Ski School so smoothly standardized that you may stay at four different resorts in as many days and pick up each day's ski lesson from the previous level of achievement. As a matter of fact, you can carry on your lessons from year to year, even though you may not return to the same center or the same instructor.

Some of the famed racing speedways of Eastern North America are located on the steep slopes of Mont Tremblant, site of the Kandahar and Taschereau trails. Chair lifts take skiers up both north and west sides of the mountain. There are also first-rate downhill slopes at Jasper Mountain, St. Donat, served by a combination chair and T-bar lift, and at Ste. Marguerite's Mount Baldy.

But the Laurentians are more than a skier's world. Whether you ski or not — and many a visitor takes the sun and the sights in lieu of the more strenuous life — a snowtime vacation in the heart of these oldest of mountains is an admirable prescription for the winter blues.

There is all kinds of entertainment, from curling and tobogganning to skating and cutter riding. You can get a fine Laurentians tan in the shelter of an ice solarium. You can even skim down the slopes on a round metal serving tray if you want to (this is just the children's dish.)

And there is eating. Food at the resorts throughout the area is superb. Some of Europe's finest chefs compete with French-Canadian masters of the art to offer meals of genuine distinction. It has been said one cannot get a poor meal in the Laurentians; certainly it is no easy task. The major resorts have their individual specialties, and they make a point of presenting French-Canadian dishes of particular interest to gourmets.

Here is a sample dinner menu, selected from a multitude of choices at a typical Laurentians resort: Marinated fish (from the resort's own lake), habitant pea soup, tournedos, broiled fresh tomatoes, lyonnaise potatoes, blueberry shortcake, coffee.

Laurentian resorts are most of all places for relaxation. There are planned hikes through the sunny countryside, and shopping trips for delightful items of French-Canadian weaving and woodcarving. Other aspects of the Laurentian way of life are sleigh rides through the crisp winter nights, singsongs by a roaring fire, dances, entertainments and movies. Curlers perfect their game at a luxurious rink at one of the leading resorts of Ste. Adele. Best of all are the new places to see, new people to meet, and old friends who share the belief that snowtime is the best vacation time.

Housing

CONTINUED FROM PAGE 18

Socialists would argue the answer is to have government financing of all housing. Conservatives would argue that, like anyone else seeking capital, the prospective homeowner must take his chances on the open market.

But there is a better way than either of these: It is to encourage the creation of non-profit mortgage banks—organizations whose sole concern would be to accept money from depositors at rates of interest comparable with those allowed by banks on deposits and to lend that money on first mortgages of residential properties at a rate which will cover the interest paid out and the operating expenses—and no more. In other words, we should set up non-profit mortgage banks.

Most of the money available for house mortgages comes from life insurance companies. Their duty to their stockholders and policy-holders is to lay out money on the best terms possible that combine high yields with good security. They cannot give favors, in matters of interest rates, to house owners seeking mortgages. The next largest class of lender is the chartered bank, and a bank is not, and should not be, an institution lending money on long term loans. The Governor of the Bank of Canada has made a tentative suggestion that banks should channel their deposits on savings accounts into housing loans, but the bankers, very properly objected. That is not their primary business, and mortgages on property must remain a comparatively small proportion of their investment portfolios.

Yet why should there not be an institution which does accept savings as deposits, as a bank does, which does guarantee a full return of capital, as a bank does, and which lends out that money only on the one type of security, a mortgage? The depositor would achieve security. The borrower would pay a low rate of interest.

There is a parallel in the United Kingdom. It is the building society. The building society in the United Kingdom began about 150 years ago as an organized purposeful lottery. Fifty people, say, in a neighborhood banded together to pay to a committee from amongst them by way of loan an annual sum of, say, $50. That gave the committee each year $2,500 in cash for investment. The same 50 people then balloted amongst themselves for the right to be the first to borrow from the committee to build or buy a house. Each year one member would become entitled to an advance of $2,500.

These societies began as voluntary organizations, operated, as are the investment societies in Canada today, by the unpaid efforts of their members. Gradually they changed and became more permanent. They attracted money from people who did not want an immediate mortgage advance. They accumulated funds, so that they could make advances on demand and without the need to ballot for priority.

Today, in Britain, they have some $6,000 million in assets, about the total of the deposits in the saving accounts in the chartered banks of Canada. About 80% of those assets are mortgages, the remainder cash or quickly convertible Government stocks. Last year they advanced about $1,000 million on mortgage, which is just about the amount needed to finance mortgages on all the houses built in Canada last year.

Building societies in Britain are supervised by the Ministry of Trade but basically they remain organs of private enterprise, managed and supported in the main by the local inhabitants of the town in which each is set up. They are examples of a community activity, accepting a security check from outside but finding and lending money from and to their own people. It would be undesirable to see any building society set up in Canada by federal action, but that would be very different from federal action which enabled any group of people in any province to organize and operate its own building society under some form of public audit.

What is more, the existence of this specialized class of lending institution would make it easier, if Parliament ever wished to go that far, for a government to give some positive encouragement to house building, or house ownership. The society would exist as the channel. A Government concerned for house ownership might, for example, give an interest-free loan of, say, $25,000 to each society for each fifty members in it. It might, in times of high interest rates, give to the society a limited subsidy, to bridge a gap between the interest paid to the depositor and the interest payable by the borrower. It might use income tax reliefs for the same purpose, exempting income from deposits in a society (up to a certain maximum for each individual depositor) from taxation and allowing a borrower to charge the interest paid on a mortgage on the house he occupied against his gross income. Indeed, someday,

it might go so far as to allow against taxable income the capital repayments made as well as the interest, for how otherwise in these days can the average young couple ever hope to accumulate any capital at all?

People who want full security for their cash savings will accept a comparatively low rate on interest. People who are willing to buy and pay for their own house out of income, probably the largest single investment of their lives, deserve the aid of a low rate of interest on the money they must borrow. Why not give to Canadians in every province freedom to organize for themselves societies which can bring these two sets of people together? Federal action would be needed to ensure the security. After that, it could and should be left to private and local enterprise, of which there has never been any real lack in this country.

Heart

CONTINUED FROM PAGE 11

tiously, continued with animal experimentation for two more years. Then, in 1953, Mrs. Doris Slemin, a Vancouver housewife, became the first Canadian patient to undergo the "refrigeration" treatment.

"What have I to lose?" Mrs. Slemin said when the operation was suggested to her. She had spent most of her life in a state of semi-invalidism induced by an attack of rheumatic fever at the age of nine, and at the time of the operation was suffering from a stricture of the mitral valve. Under operation, the stricture was removed by pressure of the finger and Mrs. Slemin made a complete recovery. "Every morning I used to wake up facing the thought of death," she said later. "Now I wake up every day with a sense of life." Within a few years, her experience has been repeated in hundreds of cases.

The experiments leading to hypothermic treatment, Dr. Bigelow points out, were carried on by a whole group of specialists —doctors, biochemists, technicians, experts in silicones, plastics and electronics. "Each knew his own field thoroughly," he said, "and each had at least a good working acquaintance with the fields of all the others. We have to have complete teamwork, and we can't risk taking on any $250 a month technician. We have to have top people in every field."

The plastic that is used to repair holes in the arterial wall is a very special material developed after several years of research. The natural tendency of the body is to reject any foreign substance—e.g., a splinter or a bullet—that is introduced into it, and the task of the researchers was to discover a material that the body would not only tolerate but eventually incorporate into its own living tissue. In the end they came up with a sponge-like plastic that met the specifications. This meant that a reasonably sturdy work of repair could be done on a heart so badly damaged that prior to operation the owner had been spending most of his time in bed.

At present the Bigelow group is working on the project of reducing bodily temperature still further. An animal can survive without damage at a temperature of 40° but nature apparently established a gap which sets the human minimal at 60°. If the gap could be diminished or closed with safety the surgeon's present ten minute deadline could be extended to an hour and a half. He would no longer be working against time, he would have it safely on his side.

Meanwhile, other groups of researchers are busy on the problem of replacing with artificial parts damaged and leaking heart valves that are beyond the help of corrective surgery. To most of the men working on the project of heart rehabilitation, the prospects extend as far as speculation; and speculation doesn't appear to have any limits.

AN ADMINISTRATOR OF NATURAL RESOURCES IN THE NORTH

required by

Department of Northern Affairs and National Resources at Ottawa

$10,000 - $11,000

Candidates must be university graduates with a number of years of experience in senior administrative positions, and must have a good understanding of the economic development of Canada's natural resources.

For details write to

CIVIL SERVICE COMMISSION, OTTAWA

Please ask for circular 57-856.

Changes Affecting

CANADIAN GOVERNMENT ANNUITIES

1. INCOME TAX EXEMPTION

A Canadian Government Annuity contracted for by a taxpayer on his own life may now qualify for registration as a Retirement Savings Plan under the Income Tax Act.

Premiums paid on such a Canadian Government Annuity may be deducted from earned income thus effecting a saving in personal income tax, the amount of the deduction being subject to certain conditions.

2. LOWER PREMIUM RATES

Purchasers of Canadian Government Annuities after April 1, 1957, will benefit from reduced premium rates reflecting an increase in the interest rate.

For full information consult your
DISTRICT ANNUITIES REPRESENTATIVE
or mail, postage free, the coupon below:

FEDERAL DEPARTMENT OF LABOUR

TO: DIRECTOR, CANADIAN GOVERNMENT ANNUITIES
DEPARTMENT OF LABOUR, OTTAWA 7SN2
(POSTAGE FREE)

Please send me complete information on Canadian Government Annuities.

My name is .....
(Mr./Mrs./Miss)

I live at .....

..... Date of Birth .....

Age when annuity to start ..... Telephone .....

I understand that information given will be held strictly confidential.

Civil Defence

CONTINUED FROM PAGE 9

mean the difference between life and death a few miles from the burst.

Evacuation, however, is still the mainstay of the survival plan. This is less policy than recognition of the inevitable. When the word gets around that an H-bomb has been dropped in anger anywhere in the world, city people will jump in their cars and go. Whether CD and the police can control them depends on the preparations they make beforehand.

Federal planners claim a large city can be evacuated in a few hours, moving 1,000 cars an hour at 25 m.p.h. on each outward traffic lane. Montreal, they say, could get 450,000 people in 60,000 cars out of the downtown area in two hours — if the city had a civil defence organization.

How this would work after a panicky Stage B warning, nobody knows. When a normal rush-hour slows traffic to a crawl, a frantic super rush-hour might be expected to freeze it to a piled bumper-crushing mass.

But police believe by blocking access to exit routes, running one-way traffic and heaving stalled or smashed cars into the ditch, they can get the vehicles out.

In Vancouver, which has probably the best CD organization in the country, it is estimated that 20% of the people can get out by boat to Vancouver Island, 10% by train and the rest by car up the Fraser Valley. Evacuation tests have been tried successfully in Brandon, Calgary, Brockville and St. John's, Nfld.

So much for the plans. What of the organization that will carry them out?

The total strength of Canadian civil defence is listed at 224,146 people, of whom 121,741 have had some training. These figures are deceptive as they include 95,308 full-time workers in police, fire, hospital and other services, some of whom probably do not know they are considered part of CD.

It is difficult to say how many of the 128,838 persons listed as volunteers still take an active interest. The usual procedure is for a volunteer to be enrolled, attend lectures one night a week for two or three months, then be sent home and told to wait until he is called. He may wait years.

There were rumbles of protest when 40,000 members of the reserve army learned they were to have CD training. One colonel, William Buchner, of London, Ont., protested and was fired by his area commander. (Saturday Night, Dec. 21). Another, Julian R. Benbow, C.O. of the 17th Duke of York's Canadian Hussars, said the use of the word "civil defence" was unfortunate. Helping the civil power, he said, was a different thing from becoming part of, or under the control of CD authorities. He touched a sore point. CD has very little prestige and no real authority to order people about, war or no war. At federal level it is part of the Department of Health and Welfare; in the provinces, it is dealt with by odd ministries, some of whom make it clear they cannot spare the time.

General Worthington campaigned for years for legislation to decide who would "press the button" to set evacuation schemes in motion — and for a button to press.

"If the Prime Minister ordered the country alerted immediately", he said, "it couldn't be done. He couldn't even contact all the provincial leaders in under several hours."

The General tried in vain to get $250,000 for an emergency communications system. At present Canada would have to be alerted by ordinary telephone calls.

Worthington and others have recommended that CD be taken from Health and Welfare and become a separate agency like the RCMP. Its leader would rank alongside the Service chiefs of staff.

This might give the organization what it needs most — a sense of stability and purpose. For as long as the threat of war remains we are going to need civil defence — not a tragic-comic makeshift but a reliable organization to save lives.

Partnership

CONTINUED FROM PAGE 13

The move from rivers and lakes to conservation on the high seas in the case of the seal, the halibut, the sockeye and the pink salmon was a further step along a highway marked by the joint management idea. World War II, of course, provided new areas of experience in programs for common economic development and defence arrangements. The Ogdensburg Agreement took account of Canadian resources and our traditional balance of payment problems as both countries geared their industrial machines for total warfare. But at war's end this fine momentum tapered off too swiftly and it is significant to recall that by 1947 we found ourselves so short of U.S. dollars that a loan of 400 millions had to be obtained in New York for current purposes.

However, a new dimension suddenly marked our economic and political growth with important consequences for our relations with the U.S. Politically the Canadian role in the Atlantic Alliance and in the United Nations gave new stature to this "dominion of the north", and necessarily led to a deepening of respect and influence in Washington. Economically the burgeoning post-war Canadian economy accelerated by re-armament in the United States after Korea and marked particularly by new developments in aluminum, petroleum, natural gas, iron ore and base metals created ever higher levels of economic output and made it possible for Canada to become one of the first trading nations of the world with a per capita national income second only to that of the United States.

All of these indexes had their direct impact on Canadian-U.S. relations. Defence and security already had united us in World War II, not only as allies in general but as neighbors operating the Permanent Joint Defence Board which was to continue after the war as an established agency. Politically we found ourselves playing an influential role in the events that matured into the Vandenberg Resolution and the North Atlantic Treaty. The Canadian voice in Washington, in NATO and elsewhere began to have real weight, so much so by 1950 that had not Korea exploded in June, we were doing our part to convince Washington to recognize Communist China and might even have succeeded had not the Communists crossed the 38th parallel and made us change our own minds on the merits. We had come to have a peculiar "brokerage" part in the game of Anglo-American relations and indeed of Commonwealth-American relations. To some extent this was due to the amiable, brilliant and catalytic personality of Lester Pearson. But since events are greater than men, the occasion was ripe for a middle power like Canada, English-speaking but not British, North-American but not Yankee, partly French but not European, once of an empire but now independent and encouraging other members of that ancient family in their moves to independence. These were strong cards to deal in the many games that were emerging between the white and the non-white peoples and amid the competition of the Soviets and free nations for the allegiance of the "uncommitted". And we played the hand with more good sense and calculated, creative caution than we could have imagined ourselves doing less than a generation ago.

Offsetting this portrait of political growth were the emerging strains in some of our dealings with the United States. Within the past half dozen years these issues had begun to crystallize. What now brings them to a head is the sudden realization — it should really not have been so sudden — that the United States needs our Arctic wastes and our air space for its own defence against a common enemy and that it needs our iron ore, our base metals, our petroleum, our natural gas, our water power, our pulpwood, in ever greater volume. Then too we became aware, again almost with a start, that not only was a large part of our annual investment made up of U.S. capital — running over 30% — but that this program has led to an increasing U.S. ownership of important primary industries, of many of the durable consumer goods sectors and of

some other important economic activities as well, insurance for example.

As if these did not present difficulties enough, our agricultural surpluses could not be moved to the markets of the world, partly because of the glut but to some extent also because some of these markets had been pre-empted by the U.S. through their disposal programs which we regarded as "unfair competition" and in violation of the spirit and letter of the General Agreement on Tariffs and Trade. We discovered too that although the long-term needs of the U.S. for Canadian metals, gas and petroleum was well enough understood — as the Paley Report made clear — there was an erratic quality in American import policies which tended to put these imports from Canada often on a feast-or-famine basis. At the same time our cattle, our foodstuffs and our manufacturers were having their usual difficulties in reaching the U.S. market. And to top it all our voracious consumption of U.S. imports led to an imbalance in our current account dealings with the United States to well over a billion dollars and were it not for our favorable position in sales to Europe and the Commonwealth plus the heavy flow of U.S. dollars for investment, the payments question would have been an impossible one.

To where has all of this led? We have made a number of preliminary gestures toward an organized approach to sound economic relations by establishing the Permanent Joint Committee on Trade and Economic Affairs. But this Committee has had a very limited advisory jurisdiction, infrequent meetings and its preparations and continuity have been quite inadequate to meet problems requiring continuous study and frequent follow-up. The Columbia River dispute is stalemated. We are now in an ambiguous position about the slate of our rights and duties under the North American Air Defence Command agreements. We are pressing American companies to take a new look at their investment and subsidiary policies in Canada with the hope that more opportunity will be given Canadians to participate in equity shareholding, to achieve senior posts in management and that U.S. parent companies will authorize more industrial research in Canada and greater managerial independence here in subsidiary investment decisions and export policies.

It is possible to break most of these problems down into classes of issues and what we must do is to develop new forms of inter-governmental machinery for each class. This means that we must provide competent, permanent Canadian and U.S. staffs at the middle rank with full access to each other and studying these questions continuously so as to anticipate trends unsatisfactory to either country and come up with creative ideas to our common benefit. I would list the following groups of problems and proposals as worth some special attention:

1. *Security and Defence.* Canadian public opinion will not tolerate needless uncertainty about the extent of U.S. control of Canadian air defences or in the employment of the air space of Canada for use by American air defence forces, not that we should be difficult about our reliance on the United States. After all, it is they who will defend us! But what is needed is a clear agreement to be discussed fully by Parliament and approved by Parliament that will leave Canadians in as little doubt as possible as to the nature of their commitments under NORAD. It will also be desirable somehow to fit NORAD more completely within the NATO military structure both for technical and political reasons.

2. *Boundary and Trans-boundary Rivers and Lakes:* The most dramatic of these disputes is the Columbia River and I have already written at considerable length (Saturday Night) about this difficult controversy. General Macaulton's evidence the other day before the External Affairs Committee of the House of Commons strongly urged consideration of a division, by Canada, of the Kootenay into the Columbia and of the Columbia into the Fraser. This might yield a total of 17 million horsepower over the next two decades of development. Such a program may have to be undertaken. But since it would cause fierce resentment in the five northwest American states concerned with the Columbia basin we should explore every avenue for a joint Canadian-U.S. program for the Columbia before going it alone. In any case the bickering over the Columbia should not obscure the fact that the I.J.C. has operated with great success in many other areas and will continue to do so. Yet the Columbia is a test ground for the future of the Yukon and of our whole "down-stream" benefit theory.

3. *Economic Problems.* I am convinced that we need a radically new approach here, particularly in the matter of inter-governmental machinery. As I said above we should classify the various economic questions into groups and set up functional inter-governmental committees and have each of them put on a permanent footing. Clearly we need on-going studies and official contacts on such distinct matters as U.S. need for Canadian resources (oil, gas, base metals, iron ore and pulp and paper); U.S. investment and subsidiary policies; U.S.-Canadian agricultural relations with particular reference to the movement of Canadian farm products to the United States and competition in surpluses abroad; methods to improve our adverse balance on current accounts, with studies aimed at such matters as U.S. import policies and the needless wastage of U.S. dollars by Canadians where directed to unnecessary luxury or other undesirable purposes. Experience teaches that on the delicate questions of this kind the most important technique for their solution is adequate study and preparation. If the view that we take of our future together is one of co-operation in almost every major aspect of economic activity then we need permanent agencies that operate without interruption so that regular conferences at the cabinet level—at least semi-annually preparation with the result that senior civil servants and their ministers will be fed with sound data and good ideas. The recent just-below-the-summit conference was almost farcical in its pretentions and it took the indiscretion of a U.S. cabinet minister to disclose how meaningless was the mission. Ten civil servants of the middle rank provided by the Departments of External Affairs and Trade and Commerce, as well as a similar group assigned by the United States would make a real difference in the specific knowledge and the opportunities for follow-up of ideas to deal with these varied and many-sided questions. These "bodies" would cost an infinitesimal percentage of the losses in terms of irritation and misunderstanding and delay that now characterizes so much of our common approach or lack of it to these issues.

4. *The Arctic and the High Seas.* We need to assert our Arctic authority without being foolish about all of the legal pretention that flow from the "sector theory". For while we may claim the lands within our Arctic triangle up to the Pole, the open water is something else again. Similarly we should extend our experiences with Halibut, Seal and Salmon further to other high seas resources and see if a united approach to the Atlantic continental shelf is not possible. We should also develop a common view with the U.S. about the important high seas and coastal jurisdiction problems to be raised at the Geneva Conference next March.

There are certain features of the Canadian-U.S. political topography that cannot be changed and that must determine the fundamental character of the relationship — our respective size and power, our contrasting roles in North America and the world. It is Canada's strange luck to have the two greatest protagonists of our alphabetized century on our northern and southern frontiers. We are the small neighbor of a very great power. We can command respect for "solid virtues" and plain speaking, for a determined recognition and assertion of our true interests. But we will do well to remember that it is the United States that carries the primary burden of responsibility for our safety and that of the free world. Ours is the never-ending task of trying to transmute unequal neighbors into working partners.

Politicking

CONTINUED FROM PAGE 14

he regretted the abandonment of his lectureship. But when the late Lord Bennett took office in 1930, he soon sensed Pearson's potentialities and, as a result of his work as secretary for the parliamentary committee on price spreads, Bennett gave him speedy promotion and entrusted him with more important duties.

He had risen to be Canada's Ambassador in Washington when he was summoned back to Ottawa in 1946 to become Under-Secretary for External Affairs.

He was irked by King's tortuous ways and never had easy relations with him. The transfer of External Affairs to the management of Mr. St. Laurent, however, coincided with Pearson's appointment and gave him a thoroughly congenial chief. But St. Laurent was more or less of a novice about international affairs and had to undergo at the hands of his under-secretary a process of education about their complicated mazes. Pearson would repudiate the idea that he inspired St. Laurent to become a liberal internationalist but it is a fair assumption that if St. Laurent had not been continually exposed to Pearson's influence, his natural conservative bias might have made him hesitate to blaze new trails for Canada in the field of international affairs.

Anyhow, St. Laurent, apart from forming a personal affection for Pearson, was so impressed by his abilities that, when he selected his first Cabinet in 1948, he took Pearson from the civil service and appointed him Secretary for External Affairs.

But Pearson realized clearly that international affairs had assumed enormous importance for the Canadian people. It was imperative for the Parliament and people of Canada to become better educated about the international situation. He felt that it would be easier to mobilize parliamentary and popular support for such policies when an emergency arose. So he encouraged debates upon foreign policy in the House of Commons and secured authority for the establishment of a special committee on External Affairs.

Today these moves have produced a wholesome change in the treatment of international problems. A debate on foreign affairs often produces an intelligent discussion of current problems by a score of private members. Furthermore Pearson proceeded to deliver at intervals at important centres informative speeches about international affairs, which helped the public to understand their importance.

Through his assiduous advocacy of good causes and his skill as a patient negotiator, which was reinforced by his personal popularity, he earned the respect and confidence of the representatives of so many other countries that he was elected Chairman of the UN Council for 1951-52 and President of its General Assembly for 1952-53. He was equally prominent and influential in the councils of NATO and it is an open secret that he could have succeeded Lord Ismay as Secretary-General of that organization if he had not decided that his native country had the first claim upon his services and that he must stay in Ottawa.

Late in 1956 the seal was set upon his authority and international prestige as an enlightened and courageous statesman when he took the lead in achieving in face of great difficulties the active intervention of the UN to halt the Anglo-French invasion of Egypt, end hostilities between Egypt and Israel and mobilize an International force. His bold and imaginative leadership for the termination of a dangerous local conflict before it spread won for Pearson an appropriate reward in the form of the Nobel prize of 1957 for services to the cause of peace.

Pearson: A start on speechmaking.

His decision to remain in Canadian politics made it inevitable that he would be a candidate for the leadership of the Liberal party and at the moment he is busily engaged in advertising his qualifications. Two great assets in his favor are this worldwide prestige as an international statesman, and his great popularity with the Liberal members of the House of Commons. But he has no walkover and has to face a formidable challenge from a colleague, Paul Martin, who has an excellent record as an able politician and has a considerable following in the country. Morover, it is understood that Martin has the powerful backing of that redoubtable Liberal veteran, Mr. Gardiner, formerly Minister of Agriculture who is the leader of Western Liberalism.

Mr. Gardiner and other Liberal critics of Pearson contend that, since he has always been a specialist in foreign affairs and has never manifested any but a cursory interest in domestic problems like housing, wages, the cost of living, tariffs and the marketing of wheat, he would be a poor vote-getter in an election and that Martin, who has always taken a keen interest in domestic problems, would have a better chance of bringing the Liberal party back to power. If Martin could be sure of enlisting the support of all his French-Canadian racial compatriots who are delegates, he might be hard to defeat, but there are grounds for believing that a number of the leaders of Liberalism in Quebec feel that Mr. St. Laurent's successor must be an English-speaking Protestant.

Pearson is now busy trying to confound his critics by proving that he has the sort of intellectual powers which can be successfully applied to the solution of domestic as well as international problems and he made a good start in his task early in the session by making in the House of Commons a searching analysis of the Government's trade policy, which showed that he had more than a nodding acquaintance with our trade problems. There was also evidence in the last election campaign that the directing spirits of the Liberal party in many constituencies did not accept the thesis that he is a poor vote-getter. No other Liberal Minister was in such demand for the salvaging of endangered seats and in the speechmaking campaign which he will carry on until the convention meets, he will disappoint his friends if he does not strengthen his claims for his party's leadership.

At the age of 62 he is now in the prime of his powers and it is hard to imagine that the Liberal party will reject the chance of giving its leadership to a man who has given abundant proof that he has a record of unblemished integrity, is endowed with rich funds of political ability, courage and imagination and is regarded outside his own country as one of the world's most trustworthy statesmen.

Business in '58

CONTINUED FROM PAGE 7

A year ago it was becoming increasingly apparent that the 1954-56 capital investment boom was getting tired. Although 1957 was a year of high overall economic activity in Canada, the sharp acceleration in the rate of expansion achieved in 1955 and again in 1956 had levelled off.

Gross National Product showed a decline in the first quarter of 1957 for the first time since the third quarter of 1954. In the second quarter of 1957 seasonally adjusted G.N.P. showed no change from the first quarter's level. This should not be surprising. It would be quite unrealistic to expect a continuation of the 11 to 12 per cent annual increases in G.N.P. experienced in 1955 and in 1956.

Official thinking, apparently, was that the rate of expansion was too great and certainly it had generated inflationary forces.

The tight monetary policy was introduced in late 1955. Because of the lags and drags in the dynamic economy there was a considerable time interval between the implementation of tight monetary policy and its "bite". The real "bite" did not become fully apparent until very late in 1956 and the full impact was felt in 1957. Accordingly, the levelling off in business activity, partly the result of tight money, made its appearance in 1957.

The boom was the result of an unprecedented capital expansion program. Heavy accent during the boom period has been on new capital investment in residential construction, manufacturing, resource development, transportation and public utilities. Total new capital investment (capital expenditures) in this country during 1955 amounted to $6.2 billion. In 1956 it increased by a staggering $1.7 billion. The Department of Trade and Commerce in Ottawa has traditionally made an official forecast at the beginning of each year of capital expenditures and then by mid-year releases a revised estimate. The first official forecast for 1957 was $8.5 billion. At mid-year it was revised upward to more than $8¾ billion. This was the bullish atmosphere in which government circles were operating prior to the election on June 10th.

Now, at year-end, and with the benefit of hindsight, it seems quite likely that when year-end figures on new capital expenditures become available, the projected target will not have been reached. This is not meant to be a criticism of the official estimates, because they are based upon intentions of business management, and traditionally managerial policy changes rather quickly when the east wind begins to blow.

Several major projects which seemed firm earlier in the year have been put on ice. The increasing "bite" of tight money has put the brakes on the rate of economic expansion. Starts of new dwellings in the first nine months show a 26% drop from the corresponding period of 1956. This is a significant trend change. The impact of this drop in housing has channelled out into the building supply field as well as to the household appliance and furnishings field.

At the same time the world demand for some of Canada's basic exports has slackened. Two of the industries most seriously affected have been wheat and lumber. There has also been a marked slackening in the world demand for base metals. Aluminum, nickel, copper, lead and zinc have all felt the adverse effect of the decline in world market requirements. Prices of most of these metals have, as a result, sagged and the stock markets' evaluation of the shares of these producers is an indication of the squeeze on profits.

It seems only natural that after the substantial expansion of productive capacity in this country in the post-war years there should be a period of temporary over-capacity and consolidation. Newsprint is a case in point. For years the Canadian newsprint industry has been operating in excess of its rated capacity. This has been accomplished by virtue of speeding up all newsprint machines and by working long weeks. At the beginning of this year the industry was working at 100.4 per cent of capacity. By the end of October it was down to 91.4 per cent of capacity. It will go even lower. When new capacity now under construction comes in in 1958 the Canadian industry appears to have capacity in excess of 1.5 million tons of North American newsprint requirements. It does not seem likely that sterling area requirements will take up any of the slack.

Turning now to chemical woodpulp of which roughly one-half goes to the export markets, there is likely to be a surplus capacity there as well. Exports so far in 1957 have declined. There is a considerable amount of over-capacity in Canada's kraft paper products. Taken all in all, Canada's greatest single private enterprise, the pulp and paper and long lumber industries, are moving into what must be considered the leanest period since the end of World War II. Woodlands' operations in the winter of 1957-58 will be slack.

Another major industry which is confronted with temporary over-capacity is cement. This, of course, is rather closely coupled with housing and other construction. But in sharp contrast to a year or so ago when Canada's requirements of cement had to be met by imports from Europe, it seems likely that in 1958 some domestic capacity must remain idle.

So far we have dealt with minus factors in the outlook for 1958. But not all of the segments of the national economy are on the minus side of the ledger. The capital expenditure program in 1958, even though it seems likely to be lower than in 1957, will still be at a relatively high level. There are still a number of major projects which will continue into the coming year, the two largest of which are the St. Lawrence Seaway and the Trans-Canada Pipe Line project. With more federal money available for housing the outlook for residential construction is looking up. The total number of persons employed is still at record levels and while unemployment has reached worrisome levels, there are still more Canadians employed than ever before. This represents an important plus factor because consumer income in the aggregate is still rising as those persons employed are still receiving still higher hourly and weekly earnings. Unemployment nevertheless seems likely to reach the highest absolute and relative position since the 30's. It is not inconceivable that as many as 10 per cent of the greatly enlarged labor force may be seeking employment during the winter months when employment is at its lowest annual level.

The important question confronting this period of consolidation is: how big will the downward dip be and how long will it last? In 1953-54 after the defence program boom sparked by the Korean War had culminated, the United States, in particular, experienced a rather sharp inventory recession. It was felt in Canada but to a considerably less degree as indeed most recessions in North America during this century have had less impact on Canada than on the United States. Evidence now, however, seems to point to a greater impact in Canada this time than in the United States. Canada has expanded more rapidly than the United States and there seems to be a greater digestive period lying ahead of us. One of the bothersome factors in the current situation is the cost-price squeeze resulting from the continuing rise of wage rates, accompanied by the decline of labor productivity that historically seems to typify the end of a boom.

The problems of monetary and fiscal policy must be vexatious to the new government of the day. We have come through a period of inflation of the classical nature in which prices were rising because too many dollars were chasing too few goods. Generally accepted monetary and fiscal policies under these circumstances dictated monetary restrictions and surplus financing at the federal level to syphon excessive purchasing power out of the national economy. We are now, however, confronted by an entirely different kind of inflation, if indeed it can be called inflation in the traditionally accepted sense. Today there is no shortage of goods either here or in the world markets and the shortages of labor have largely evaporated. The wholesale price index in Canada has begun to dip slightly, but only recently has there been a fractional decline in the consumer price index.

The current economic climate has for several months indicated to me a change in monetary and fiscal policy. I don't suggest, however, that an easing of money and the lowering of taxes will bring about a guaranteed reversal in the downward trend of economic activity. But, and this should be stressed, a continuation of a program which many months ago was designed to put the brakes on economic development that might have been proceeding at an excessive rate, could well now result in a deeper and longer recession than would otherwise have prevailed under easier money and lower taxes. Indeed, if in the coming winter months unemployment should reach a figure of 700,000 or more, which is not impossible, then, in accordance with the proponents of cyclical fiscal policy, substantial tax reductions could well be in order even though there be a budgetary deficit of a few hundred million dollars.

Editorials

The Muddy Pool

IF THE NATO nations are to pool their scientific knowledge, they must also revise the ground rules governing secrecy of information. If they fail to up-date the rules, they'll find that their pool has turned out to be a bog.

The old rules were the result of the curious passion for secrecy that seems to afflict American officials as soon as they are old enough to stamp "classified" on a document. An example of the absurd lengths to which they will go to preserve "security" came to light the other day when Britain's Prime Minister Harold Macmillan announced that British scientists were working on the development of energy from the sea. Details of the work in the U.K. were withheld because the United States did not want the information released; Britain has an agreement with the U.S. on the "declassification" of nuclear information. For this reason, too, there has been a lot of mumbo-jumbo about the work of British scientists on the controlled fusion of hydrogen.

The stupidity of this mania for secrecy is evident when one recalls the reports made by Russian researchers at last year's scientific conference in Geneva. They described experiments similar to those being carried on in Britain's research centre at Harwell.

Information can only be pooled in an atmosphere free of suspicion and cloak-and-dagger nonsense. The scientists of the United States know this. They need the support of NATO spokesmen who can take a rational view of security.

Charity at Home

AT THE NATO meeting in Paris, Canada's Prime Minister Diefenbaker spoke about the need for an international committee to promote scientific research in the West. It was an inspiring thought, and vague enough to please any politician. There is a way, however, for Mr. Diefenbaker to make a concrete contribution to the advancement of intellectual accomplishment in the West. That is by devoting his considerable ability to the cause of education in Canada.

He could start by adding a Minister of Education to his cabinet. While education, under the British North America Act, is a provincial responsibility, there is no constitutional reason why the Federal Government should not endeavor to help and co-ordinate the efforts of the provinces to provide Canadian children with a better and more even standard of education. Nor is there any reason why the matter of increased federal aid to education should not be more vigorously explored.

Moreover, a Federal Minister of Education could probably do a more effective job than his (or her) provincial counterparts in drawing to the attention of industrialists something that seems to have escaped their notice — that corporations can donate up to five per cent of their profits tax-free to "charitable" institutions.

Corporation profits last year were $3,240 million. Had the corporations contributed the full five per cent, many of the most pressing problems of such "charitable" institutions as universities would have been solved. The Gordon Commission estimated that Canadian universities would need more than $25 million more each year for capital development, and from $24 million to $36 million more for salaries within the next ten years. But last year the corporations used only a small fraction of their tax-free five per cent, contributing about $30 million, and of this universities and colleges got less than one per cent.

Exploring a House

THE CANADIAN Government's decision to stay out of Canada House in New York is to be examined by the External Affairs Committee of the House of Commons. We hope the examination will be close and searching. And while it is going on, External Affairs Minister Sidney Smith might examine the quality of the advice he has been getting from the senior permanent officials of his department.

These officials a few weeks ago permitted Mr. Smith to go sadly unprepared into a discussion of departmental estimates. Now they seem to have given highly questionable advice to the Government in the matter of Canada House.

The Canada House idea was conceived by Ray Lawson, who did most of the work to make a reality of it. The Government under Mr. St. Laurent made a commitment to collect its various offices, scattered over New York, and put them together in the building to be called Canada House. Then the Government began to sour on the idea. Why it did so is not clear. What is clear is that someone in the External Affairs Department is still sour and has influenced the new Government.

The only suggested reasons for the scuttling of Canada House given so far are: the belief that Canadian firms would not take space there, dislike of financing arrangements, and doubt about air rights. But these are more poor excuses than reasons. There is no doubt that if the Government takes space in Canada House, the private companies will follow; financing arrangements were changed only after the Canadian Government reneged on its commitment; and as for air rights, one side of the building faces the street, the second a church and the third the Metropolitan Museum of Modern Art.

The full story of Canada House has obviously not been told. It is up to the Commons committee to see that it is told.

ANSWER TO PUZZLER
49c, 55c and 58c.

Alas, Poor Leacock

NO CANADIAN writer has gained more international fame for Canada than Stephen Leacock. Yet the Government of Canada apparently cannot afford a paltry $30,000 to maintain the Leacock home at Orillia as a national monument.

The house in which Leacock lived and wrote, with its fine library, was falling into decay when the town of Orillia bought it and did some work to preserve it. The purchase and subsequent work cost $37,000. A committee was formed to further the project and the National Historic Sites and Monuments Board was asked, quite reasonably, for $30,000 to continue the work; the site was presented to the Board last June 15.

The Board comes under the jurisdiction of the Northern Affairs department, but the Minister, Alvin Hamilton, apparently thinks that the home of a scribbler is not worth bothering about. It's a wooden building, the Government must save money, and so on.

It may be, of course, that Mr. Hamilton very shrewdly has calculated that this may be his best chance to gain lasting fame — as the man who allowed the home of Stephen Leacock to fall to the ground. If so, he may be disappointed. We hear that a distillery may provide the necessary funds — goodwill for good spirits, and all that sort of thing.

Master McAllister... Captain's care

To fly means many things to many people. To a twelve year old boy it's all the excitement and adventure of a dream come true. To the busy executive it's a matter of comfort and convenience—an overseas appointment kept, with precious days saved. But to young and old alike, British Overseas Airways Corporation offers standards of courtesy, service and efficiency unexcelled by any other airline flying today.

If *you're* planning a trip abroad, you may board your BOAC aircraft at Montreal, New York, Boston, Miami, Detroit, Chicago or San Francisco. And you may choose your own itinerary—to any of 51 countries on all six continents.

En route, you'll fly the finest—for with the recent addition of fast, new DC-7Cs, BOAC's inter-continental fleet now leads the world in speed, service and spacious comfort.

So book BOAC through your local Travel Agent, Railway Ticket Office or British Overseas Airways Corporation. Whether you choose to travel De Luxe or First Class (with berths available at slight extra cost) or Tourist—all over the world BOAC takes good care of you.

BRITISH OVERSEAS AIRWAYS CORPORATION

MONTREAL • TORONTO • WINNIPEG • VANCOUVER

fly B·O·A·C

WORLD LEADER IN AIR TRAVEL

A cigarette of elegance... a filter of particular purity

Matinée

A cigarette of such outstanding quality, mildness and good taste demands the purest type of filter. The Matinée filter is made from clean, white, specially processed cellulose . . . making it the filter of particular purity.